

Table of Contents

1.	2023-12-12 - Email - 10.31am (5280719v1)	1
2.	2023-12-15 - Email - 10.44am (5280722v1)	2
3.	2025-04-11 - Email - 4.17pm (5280653v1)	10
4.	2025-05-08 - Email - 9.47am (5280725v1)	12
5.	2025-07-28 - Email - 12.17pm (5280727v1)	23
6.	2025-08-01 - Email - 2.07pm (5280728v1)	28
7.	2025-08-21- Email - 10.14am (5280742v1)	29
8.	2025-12-08 - Email - 11.43am (5280688v1)	30
9.	2025-12-18 - Email - 9.51am (5280689v1)	35
10.	2026-01-28 - Email - 7.54am (5280690v1)	48
11.	2026-02-03 - Email - 8.52am (5280695v1)	51
12.	2025-03-24 - Email - 10.09am	62
13.	2025-06-25 - Email 11.05am	63
14.	2025-06-25 - Email - 11.05am - REVISED draft terms of reference	65
15.	2025-07-10 - Email - 1.40pm	69
16.	2025-07-10 - Email - 3.48pm	71
17.	2025-07-17 - Email - 5.04pm	95
18.	2025-07-28 - Email - 9.57am	96
19.	2025-08-04 - Email - 9.35am	99
20.	2025-08-04 - Teams Chat - Sam Thornton-Yi Jin - Independent review	100
21.	2025-08-11 - Email - 9.18am	107
22.	2025-08-15 - Email - (5165605.1)	108
23.	2025-08-15 - Email - Cabinet talking points	115
24.	2025-09-09 - Email - 1.11pm	117
25.	2025-09-15 - Email - 4.03pm	119

Subject: FW: RE: External review

From: Neil Kidd [TSY]
Sent: Tuesday, 12 December 2023 10:31 am
To: Chris Bloor <Chris.Bloor@rbnz.govt.nz>
Subject: RE: RE: External review

As discussed, names that would be in the TR. We haven't contacted any of them.

Type of candidate	Illustrative candidates
Overseas candidates with central banking or academic focus	<ul style="list-style-type: none"> • s9(2)(a) • [Redacted] • [Redacted] • Andrew Haldane, former Assistant Governor of the Bank of England, now Head of Royal Society • s9(2)(a) • [Redacted] • [Redacted] • Renée Fry-McKibbin, Professor of Economics at the Crawford School of Public Policy, Australian National University • Ben Bernanke, former Federal Reserve chair with strong academic background • s9(2)(a) • [Redacted] • [Redacted] • [Redacted]
In academia, located in New Zealand	<ul style="list-style-type: none"> • Arthur Grimes, Head of Motu and former Reserve Bank Board Chair • s9(2)(a)
Former senior staff of RBNZ	<ul style="list-style-type: none"> • s9(2)(a) • [Redacted] • Alan Bollard, retired former Governor

From: Neil Kidd [TSY]
Sent: Wednesday, 22 April 2026 10:45 am
To: Sam Thornton [TSY]
Subject: FW: RE: External review
Attachments: Treasury Report_ External Review of MPC Performance(4893999.2).docx

Treasury Report T2023/2017 is publicly available in OIA-20260099 on the Treasury website:
<https://www.treasury.govt.nz/publications/other-official-information/responses>

From: Neil Kidd [TSY]
Sent: Friday, 15 December 2023 10:44 am
To: Chris Bloor <Chris.Bloor@rbnz.govt.nz>
Subject: RE: RE: External review

Thanks Chris, we got it over yesterday evening. Caralee had a call with Neil Q to discuss the Bank's feedback I understand. Final version attached. No progress other than that to report.
Neil

From: Chris Bloor <Chris.Bloor@rbnz.govt.nz>
Sent: Friday, 15 December 2023 9:53 am
To: Neil Kidd [TSY] <Neil.Kidd@treasury.govt.nz>
Subject: RE: RE: External review

Hi Neil,

Has this memo gone of to the Minister now? Are you able to give us a final copy, and any progress to report?

Cheers,
Chris

From: Neil Kidd [TSY] <Neil.Kidd@treasury.govt.nz>
Sent: Tuesday, December 12, 2023 5:04 PM
To: Chris Bloor <Chris.Bloor@rbnz.govt.nz>
Subject: RE: RE: External review

Thanks Chris.

From: Chris Bloor <Chris.Bloor@rbnz.govt.nz>
Sent: Tuesday, 12 December 2023 3:57 pm
To: Neil Kidd [TSY] <Neil.Kidd@treasury.govt.nz>
Subject: RE: RE: External review

Hi Neil,

Thanks for providing the opportunity to comment. I have been able to solicit some feedback from the Governor and the Chair of the Board.

There are concerns about the proposed New Zealand reviewers. Arthur Grimes and s9(2)(a) are both part of NZIER's shadow monetary policy committee and in that guise will have expressed views that conflict them.

We also believe it is inappropriate to ask a former Governor to comment on the performance of the current Governor/MPC. So we suggest omitting the New Zealand names from the list.

We also suggest not having any suggestion that comments on timeframes and committee framework should be included in this review. To include them would suggest that they are related to the performance questions that are the core of the review, but it would be inappropriate to presume that they are related or to think that all the issues can be considered simultaneously. It could be useful to note the new clause in the charter that addresses time to target and reasons for deviations though.

There were also some comments that the costs look unrealistically low. There was also a bit of an objection to this line "There will also have been indirect fiscal impacts (e.g. higher tax revenue) as a result of the MPC providing additional monetary stimulus, which may have offset these costs to some extent" which is significantly weaker than the IMF's conclusions. You could directly cite the IMF work and conclusions there.

Happy to discuss further.

Cheers,
Chris

From: Neil Kidd [TSY] <Neil.Kidd@treasury.govt.nz>
Sent: Tuesday, December 12, 2023 12:23 PM
To: Chris Bloor <Chris.Bloor@rbnz.govt.nz>
Subject: RE: RE: External review

Hi Chris,
Latest version of the TR attached. If we could get any comments by 5pm that would be great.
Thanks
Neil

From: Chris Bloor <Chris.Bloor@rbnz.govt.nz>
Sent: Monday, 11 December 2023 1:17 pm
To: Neil Kidd [TSY] <Neil.Kidd@treasury.govt.nz>
Subject: RE: RE: External review

In case it's useful, this is the terms of reference that was provided to the two external reviewers.

Description of Services

The external peer reviewers will be provided with a draft of the Long-term Review.

- **What we require:** We are seeking a peer-review of a Report we are preparing for external publication. This Report is a review and assessment of the formulation and implementation of monetary policy over the last five years.

The output: You will provide a written review on the final draft of the Report, similar to a peer review of an academic journal article. We will either incorporate or respond to your feedback in writing.

Deliverables and Milestones

Specific deliverables are listed in the table below. Notes related to the deliverable:

- We are not seeking a separate review of monetary policy, but an independent view on the quality of the Report i.e. feedback on the scope, analysis and judgements we have made.
- We will provide a final draft of the Report for review by the **19th August 2022**. It will be approximately 50 to 80 pages in length.
- The scope of the Report will cover monetary policy formulation and implementation in New Zealand between 2017 and 2022.
- We require your final review to be delivered by the **16th September 2022**.
- We will acknowledge your feedback in writing before the Report is published, recording any changes we have made to the final Report in response to your feedback and our reasoning for changes made or not made.
- Your review will be published under your name on the Reserve Bank's website alongside our Report and our response to your feedback.

Deliverable/Milestone	Performance Standards	Due date	Invoice date	Amount payable
1. Peer review report	Standard expected of a typical academic peer review	16/09/2022	31/10/2022	
Total (excl GST)				Insert total maximum charge for fees

From: Neil Kidd [TSY] <Neil.Kidd@treasury.govt.nz>

Sent: Monday, December 11, 2023 11:22 AM

To: Chris Bloor <Chris.Bloor@rbnz.govt.nz>

Cc: Naomi Mitchell <Naomi.Mitchell@rbnz.govt.nz>; Nick McBride <Nick.McBride@rbnz.govt.nz>; Paul Conway <Paul.Conway@rbnz.govt.nz>; Ben Gaukrodger [TSY] <Ben.Gaukrodger@treasury.govt.nz>; Ash Dunstan [TSY] <Ash.Dunstan@treasury.govt.nz>

Subject: RE: RE: External review

Hi Chris,

I think any comments by tomorrow morning would be useful if possible?

Can I also ask if you could find out how much you paid your two independent reviewers please? If that is something you can share with us?

Thanks

Neil

From: Chris Bloor <Chris.Bloor@rbnz.govt.nz>

Sent: Friday, 8 December 2023 4:57 pm

To: Neil Kidd [TSY] <Neil.Kidd@treasury.govt.nz>

Cc: Naomi Mitchell <Naomi.Mitchell@rbnz.govt.nz>; Nick McBride <Nick.McBride@rbnz.govt.nz>; Paul Conway <Paul.Conway@rbnz.govt.nz>; Ben Gaukrodger [TSY] <Ben.Gaukrodger@treasury.govt.nz>; Ash Dunstan [TSY] <Ash.Dunstan@treasury.govt.nz>

Subject: RE: RE: External review

Hi Neil,

On a first read this all looks good and I don't have any immediate feedback. I'll just check in on Monday morning to see if there is any feedback we want to provide – when would you need this by?

Hope you have a good weekend.

Cheers,
Chris

From: Neil Kidd [TSY] <Neil.Kidd@treasury.govt.nz>
Sent: Friday, December 8, 2023 2:39 PM
To: Chris Bloor <Chris.Bloor@rbnz.govt.nz>
Cc: Naomi Mitchell <Naomi.Mitchell@rbnz.govt.nz>; Nick McBride <Nick.McBride@rbnz.govt.nz>; Paul Conway <Paul.Conway@rbnz.govt.nz>; Ben Gaukrodger [TSY] <Ben.Gaukrodger@treasury.govt.nz>; Ash Dunstan [TSY] <Ash.Dunstan@treasury.govt.nz>
Subject: RE: External review

Hi Chris,
We've reworked the Treasury Report a bit. It now pitches option 1 as a review of the RAFIMP and option two as a separate standalone review. This version also picks up your earlier comments. Would be good to get your feedback on this version – in particular whether you agree with our statements about what the RAFIMP covered under the two options.
I'm expecting this to go to the Minister next week. It is still subject to feedback from Caralee.
Thanks
Neil

From: Chris Bloor <Chris.Bloor@rbnz.govt.nz>
Sent: Monday, 4 December 2023 1:28 pm
To: Neil Kidd [TSY] <Neil.Kidd@treasury.govt.nz>
Cc: Naomi Mitchell <Naomi.Mitchell@rbnz.govt.nz>; Nick McBride <Nick.McBride@rbnz.govt.nz>; Paul Conway <Paul.Conway@rbnz.govt.nz>
Subject: RE: External review

Ah – the exact moment I hit send, an email came through from James Beard on it! All good.

From: Chris Bloor
Sent: Monday, December 4, 2023 1:27 PM
To: Neil Kidd [TSY] <Neil.Kidd@treasury.govt.nz>
Cc: Naomi Mitchell <Naomi.Mitchell@rbnz.govt.nz>; Nick McBride <Nick.McBride@rbnz.govt.nz>; Paul Conway <Paul.Conway@rbnz.govt.nz>
Subject: RE: External review

Hi Neil,

Do you know when this paper will be going across to the Minister? Can you provide us with a copy of the final version when it does?

Cheers,
Chris

From: Chris Bloor <Chris.Bloor@rbnz.govt.nz>
Sent: Saturday, December 2, 2023 7:30 AM
To: Neil Kidd [TSY] <Neil.Kidd@treasury.govt.nz>
Subject: Re: External review

Hi Neil,

That was a comment from Adrian, so I'm uncertain as to the exact reason. But I think it was probably thought to be a bit premature at this stage, and there were some concerns about how independent some of the NZ suggestions were, given most have made their views public at some point.

The strong desire is to have an international expert running the review. If you are putting names - s9(2)(a) was thought to be a better pick from the s9(2)(a)

Cheers,
Chris

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From: Neil Kidd [TSY] <Neil.Kidd@treasury.govt.nz>
Sent: Friday, December 1, 2023 9:35:00 PM
To: Chris Bloor <Chris.Bloor@rbnz.govt.nz>
Subject: RE: RE: External review

Hi Chris,
Thanks for the comments – very useful. I'm sure we can incorporate those. Although, just one I wanted to come back on. Can you elaborate a little on why you think we should hold off on suggesting names of reviewers? Our view is that there could be a limited window to have influence on that decision and we might miss the boat.
Thanks
Neil

From: James Beard [TSY] <James.Beard@treasury.govt.nz>
Sent: Friday, 1 December 2023 3:25 pm
To: Neil Kidd [TSY] <Neil.Kidd@treasury.govt.nz>
Subject: FW: RE: External review

James Beard | Deputy Secretary, Macroeconomics and Growth | Te Tai Ōhanga – The Treasury

Tel: s9(2)(k) | Mobile: s9(2)(g)(ii) | Email/IM: james.beard@treasury.govt.nz
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From: Chris Bloor <Chris.Bloor@rbnz.govt.nz>
Sent: Friday, 1 December 2023 3:15 pm
To: James Beard [TSY] <James.Beard@treasury.govt.nz>
Cc: Adrian Orr <Adrian.Orr@rbnz.govt.nz>; Naomi Mitchell <Naomi.Mitchell@rbnz.govt.nz>; Christian Hawkesby <Christian.Hawkesby@rbnz.govt.nz>; Paul Conway <Paul.Conway@rbnz.govt.nz>; Nick McBride <Nick.McBride@rbnz.govt.nz>; Neil Quigley <Neil.Quigley@rbnz.govt.nz>
Subject: RE: External review

Hi James,

Thank you for providing your draft report on the external review. We have a few points of feedback below on the report and the proposed terms of the review.

For any further contact on these issues, please use the cc'd recipients to this email.

- We agree that using s194 powers for this review sounds sensible.

- Para (3) should reflect on the wider fiscal impact of the LSAP programme, not just narrowly on the mark to market impact. For example, this line from page 65 of the IMF article 4 report "Overall, LSAP by RBNZ had favorable effects on the fiscal stance, even if the earlier than expected monetary policy normalization is taken into account."
- Para (4) should reflect more on the role of the newly formed – fully empowered – Board that owned the RAFIMP. No Board members other than the Governor were involved in the 2020-22 MPC decision making process and the Board had full rights/obligations/oversight of the review process. This is a very important point as it reminds the reader that governance has changed significantly.
- Para 4 plays down the relevance of the international experts. One of these experts was a former Deputy Governor of the Bank of Canada, while the other was an Australian academic with extensive experience in central banking topics. Their full written reports gave a frank assessment and are publicly available.
- It would also be useful to reference the Remit Review (5 yearly obligation) that is also fresh and covers some of the institutional issues such as monetary policy decision making processes.
- Para 5 should provide a more balanced and positive purpose for the review. It would be better to reframe in terms of providing lessons for future episodes, rather than ensuring public accountability.
- In terms of the options, it is difficult to separate the Bank from MPC processes. It may be more realistic to have one option that covers the formulation of monetary policy, and another that covers both formulation and implementation.
- Para (10) should clarify what is meant by decision making processes, given that in para (10) institutional reforms have been explicitly excluded.
- Also in para (10), it's not clear what is meant by "the support the MPC provided in the coordination of monetary policy, fiscal and financial policy" – this is not a matter for the MPC.
- In Para 10, this should refer to MPC's communication rather than the Bank's communication, given that option 1 is restricted to MPC's actions.
- The scope of the review should make clear that it is focusing on the MPC as a collective and not the performance of individual MPC members.
- Para 17 – If the review is undertaken pursuant to s194 it would be a statutory inquiry. This should probably say that you don't recommend invoking the Inquiries Act.
- We recommend not including the names of potential reviewers in this report, instead providing this as part of the next step. We support having external reviewers that are fully independent from the Bank and have not already publicly commented on Reserve Bank policy actions. We believe that an international reviewer would be most appropriate.

Happy to follow up further on these points as required.

Cheers,
Chris

Chris Bloor
Manager, Policy Analysis

Reserve Bank of New Zealand – Te Pūtea Matua
2 The Terrace, Wellington 6011. PO Box 2498, Wellington 6140
M s9(2)(g)(ii) T s9(2)(k)
E chris.bloor@rbnz.govt.nz W rbnz.govt.nz



From: James Beard [TSY] <James.Beard@treasury.govt.nz>
Sent: Thursday, November 30, 2023 5:29 PM
To: Adrian Orr <Adrian.Orr@rbnz.govt.nz>
Cc: Caralee McLiesh <Caralee.McLiesh@treasury.govt.nz>
Subject: External review

Hi Adrian

We are drafting some advice to the MOF on what an external review might look like. Caralee asked me to share a draft of this with you for your reaction. A copy is attached. Let me know any thoughts or suggestions. We are looking to send this across early next week.

Happy to chat.

Many thanks

JAMES

PS – this is an early draft so some of the wording might be a bit rough.

James Beard | Deputy Secretary, Macroeconomics and Growth | Te Tai Ōhanga – The Treasury

Tel: s9(2)(k) | Mobile: s9(2)(g)(ii) | Email/IM: james.beard@treasury.govt.nz

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From: Adrian Orr <Adrian.Orr@rbnz.govt.nz>
Sent: Thursday, 30 November 2023 10:39 am
To: James Beard [TSY] <James.Beard@treasury.govt.nz>
Cc: Karen Silk <Karen.Silk@rbnz.govt.nz>; Caralee McLiesh [TSY] <Caralee.McLiesh@treasury.govt.nz>
Subject: RE: Treasury report - Cabinet paper - dual mandate

Thanks
I will alert folk accordingly.

From: James Beard [TSY] <James.Beard@treasury.govt.nz>
Sent: Thursday, November 30, 2023 10:36 AM
To: Adrian Orr <Adrian.Orr@rbnz.govt.nz>
Cc: Karen Silk <Karen.Silk@rbnz.govt.nz>; Caralee McLiesh <Caralee.McLiesh@treasury.govt.nz>
Subject: RE: Treasury report - Cabinet paper - dual mandate
Importance: High

Hi Adrian

The Minister has requested late this morning that the Cabinet paper include reference to the external review of the Reserve Bank, noting that the Government is working with the Treasury to develop the terms of reference. The Minister has also added reference to the matters included in the National/Act Coalition agreement relating to the MPC, Treasury Observer and specific time targets.

The Cabinet paper is being lodged this morning.

Our team is meeting with Chris and his team at 11 this morning to discuss the dual mandate work and so the reference may come up then.

I just wanted to let you know so you have sight, since it wasn't in the early draft of the cab paper, and also check that isn't going to cause any issues in terms of your staff knowing about the reference?

Cheers

JAMES

James Beard | Deputy Secretary, Macroeconomics and Growth | Te Tai Ōhanga – The TreasuryTel: s9(2)(k) | Mobile: 021 048 5457 | Email/IM: james.beard@treasury.govt.nzVisit us online at <https://treasury.govt.nz/> and follow us on [Twitter](#), [LinkedIn](#) and [Instagram](#)

From: Adrian Orr <Adrian.Orr@rbnz.govt.nz>
Sent: Wednesday, 29 November 2023 5:35 pm
To: Neil Quigley <Neil.Quigley@rbnz.govt.nz>; Caralee McLiesh [TSY] <Caralee.McLiesh@treasury.govt.nz>
Cc: James Beard [TSY] <James.Beard@treasury.govt.nz>
Subject: Re: Treasury report - Cabinet paper - dual mandate

Thanks wise folk

I am fine with process etc.

Ta for moving at pace in a high trust manner.

Adrian

From: Caralee McLiesh [TSY] <Caralee.McLiesh@treasury.govt.nz>
Sent: Wednesday, November 29, 2023 5:28:09 PM
To: Adrian Orr <Adrian.Orr@rbnz.govt.nz>; Neil Quigley <Neil.Quigley@rbnz.govt.nz>
Cc: James Beard <james.beard@treasury.govt.nz>
Subject: Treasury report - Cabinet paper - dual mandate

Kia ora Neil and Adrian – Please see attached the latest advice on ‘removing the dual mandate from the Reserve Bank of New Zealand Act 2021’:

- Draft Cabinet paper (removing the dual mandate) – due for lodgement tomorrow
- Covering Treasury Report (setting out process for new MPC Remit)

Happy to discuss as needed.

Ngā mihi,
Caralee

Caralee McLiesh ([she/her](#))

Te Tumu Whakarae mō Te Tai Ōhanga | Secretary and Chief Executive - The Treasury

Tel: s9(2)(k) | Email/IM: caralee.mcliesh@treasury.govt.nzVisit us online at <https://treasury.govt.nz/> and follow us on [Twitter](#), [LinkedIn](#) and [Instagram](#)

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From: Matthew Galt [TSY]
Sent: Friday, 11 April 2025 4:17 pm
To: Chris Bloor
Cc: Ben Gaukrodger [TSY]; Neil Kidd [TSY]; Lewis Kerr
Subject: RE: Possible candidates for external review of monetary policy

Thanks Chris, this is very helpful, much appreciated. I'll be in touch next week with Lewis about the next steps for setting up the review.
 Cheers, Matt

From: Chris Bloor <Chris.Bloor@rbnz.govt.nz>
Sent: Friday, 11 April 2025 3:08 pm
To: Matthew Galt [TSY] <Matthew.Galt@treasury.govt.nz>
Cc: Ben Gaukrodger [TSY] <Ben.Gaukrodger@treasury.govt.nz>; Neil Kidd [TSY] <Neil.Kidd@treasury.govt.nz>; Lewis Kerr <Lewis.Kerr@rbnz.govt.nz>
Subject: RE: Possible candidates for external review of monetary policy

IN CONFIDENCE

Hi Matt,

Thanks for providing the opportunity to input into this. We agree with the criteria you have put forward for reviewers, and note that some of the names that were put forward in the 2023 TR meet these criteria. Obviously Ben Bernanke would be a very strong candidate if willing and able.

A few additional names that could be considered:

- Athanasios Orphanides – Prominent researcher on monetary policy, Governor of Central Bank of Cyprus 2007-2012, and member of Governing council of ECB 2008-2012. Amongst other roles he is currently involved in Asia school of business, and he has visited New Zealand a few times before.
- s9(2)(a)
- Carolyn Wilkens – Deputy Governor Bank of Canada 2014-2020, and current external member of BoE FPC. She was a panellist on the RBA review.
- s9(2)(a)

In terms of more academic types who haven't served on a MPC, you had s9(2)(a), but another possibility might be s9(2)(a), and has visited New Zealand a few times.

Ben also mentioned s9(2)(a) as a possibility – he would also appear suitable.

Just note I'm on annual leave next week, so Lewis will be the best point of contact for any matters arising next week.

Cheers,
 Chris

IN CONFIDENCE

From: Matthew Galt [TSY] <Matthew.Galt@treasury.govt.nz>
Sent: Friday, 4 April 2025 1:51 pm
To: Chris Bloor <Chris.Bloor@rbnz.govt.nz>
Cc: Ben Gaukrodger [TSY] <Ben.Gaukrodger@treasury.govt.nz>; Neil Kidd [TSY] <Neil.Kidd@treasury.govt.nz>
Subject: Possible candidates for external review of monetary policy

[IN-CONFIDENCE]

Hi Chris,

As Ben's mentioned to you, in my final few weeks at Treasury I'm helping with setting up the external review of monetary policy through COVID-19.

I was wondering if the Bank had any early suggestions for who might be able to do the review? We have turned our minds to it as well but I'm aware the Bank would have good connections across the international central banking community so you might be able to suggest some suitable people.

Our initial thinking for the parameters of the review are as follows:

- Complete the review prior to the next Governor on a 5-year term commencing
- We think a good time to target delivery of a draft report would be August 2025
- Given the short time to complete the review, we are inclined to suggest appointing one person to do the review rather than trying to appoint a panel
- Focus the review on the MPC so as to avoid overlap with the Royal Commission of Inquiry Phase 2 (that review has decisions made by the Reserve Bank's independent monetary policy committee as specifically out of scope of the [terms of reference](#))
- We need to give further consideration to the terms of reference, but these are likely to focus on the overall stance of monetary policy over 2020 to 2022, and the preparation and use of AMP tools.

In light of this, we think the ideal candidate would have the following characteristics:

- Strong expertise in monetary policy – eg, a former senior central banker or monetary policy committee member
- Impartial and objective. This would involve having no conflicts of interest with their current roles, a limited history of publicly commenting on the NZ monetary policy response to COVID-19, and ideally have not been involved in making similar decisions in other jurisdictions to those made by the RBNZ's MPC. In practice, this probably means an overseas senior central banker or MPC member who retired from this line of work prior to 2020.
- Available to complete the work in the time available.

I'd be grateful for any suggestions, and happy to discuss.

Matt

Matthew Galt (he/him) | **Macroeconomic & Fiscal Policy | Te Tai Ōhanga – The Treasury**

Mob: s9(2)(g)(ii) | Email: matthew.galt@treasury.govt.nz

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From: Sam Thornton [TSY]
Sent: Thursday, 8 May 2025 9:47 am
To: Chris Bloor
Cc: Ben Gaukrodger [TSY]
Subject: RE: Review of monetary policy - Draft terms of reference and list of potential reviewers

Thanks Chris.

On the draft terms of reference:

- We agree regarding 10.1. We'll look to reframe around the information that was provided to the MPC.
- On 10.6, I'll discuss with others internally and get back to you.

On the list of reviewers:

- We do think the listed candidates are impartial and credible. The notes about who suggested each reviewer is a hangover from my recordkeeping and I don't plan to include all that detail in the list we provide to the Minister.
- I agree with the suggested clarification on the criteria for the reviewers – will add that in.

In terms of next steps, Iain Rennie is planning to review the terms of reference and list of potential reviewers over the weekend, so we're now planning to put the TR to MoF next week (ideally early next week). In the meantime, I'll get back to you soon on 10.6.

Cheers
Sam

From: Chris Bloor <Chris.Bloor@rbnz.govt.nz>
Sent: Thursday, 8 May 2025 9:26 am
To: Sam Thornton [TSY] <Sam.Thornton@treasury.govt.nz>
Cc: Ben Gaukrodger [TSY] <Ben.Gaukrodger@treasury.govt.nz>
Subject: RE: Review of monetary policy - Draft terms of reference and list of potential reviewers

IN CONFIDENCE

Hi Sam,

Thanks for providing us with a copy of the draft ToR and list of potential reviewers. As signalled on Tuesday this mostly looks as expected and a sensible scope. But there were a couple of things in the ToR that did stand out.

- We think the framing of section 10.1 is too broad, as it seemingly reaches well beyond the MPC to internal modelling and forecasting approaches. That would be a very big review in and off itself – this was most of the focus of the Bernanke review of the BOE. You could probably reframe this around the information that was provided to the MPC to support their decision making.
- We also think that implementation of monetary policy should be taken out of scope of the review in para 10.6. The MPC has responsibility for the formulation of monetary policy, but the implementation of monetary policy is the Bank's responsibility under different governance structures.

In both of these cases the review would need to go well beyond the approach laid out in para 12 in order to effectively review these matters.

In terms of the list of potential reviewers, these look to be a sensible list of candidates with standing in the international central banking community. Christian's feedback was that the first name looked to be the most credible, and that the candidates looked relatively less credible as you got further down the list and into the other list. One small point – I do wonder whether singling out candidates as having been proposed by us may suggest less impartiality. May be worth reconsidering that if you independently view these as impartial and credible reviewers.

Another small point on the criteria for reviewers – you might want to add the yellow text to clarify that you're open to policy makers outside of the Covid period. "ideally have not been involved in making similar decisions in other jurisdictions to those made by the RBNZ's MPC over the time period under review."

Happy to discuss any of this

Cheers,
Chris

IN CONFIDENCE

From: Chris Bloor
Sent: Tuesday, 6 May 2025 5:27 pm
To: Sam Thornton [TSY] <Sam.Thornton@treasury.govt.nz>
Cc: Ben Gaukrodger [TSY] <Ben.Gaukrodger@treasury.govt.nz>
Subject: RE: Review of monetary policy - Draft terms of reference and list of potential reviewers

Kia ora Sam,

Thanks for providing this draft. This is by and large as expected, there's just a couple of bits of the ToR that I think is going a bit broader than you probably intend, and might not be realistic given proposed approach and timing. I'm just consulting with Christian at the moment to check that he's comfortable with direction, but I'll get back to you once he's come back. Hopefully shortly, although he's quite tied up with organisational change initiatives at the moment.

Happy to informally discuss the points of feedback in the meantime if useful.

Cheers,
Chris

From: Sam Thornton [TSY] <Sam.Thornton@treasury.govt.nz>
Sent: Tuesday, 6 May 2025 2:25 pm
To: Chris Bloor <Chris.Bloor@rbnz.govt.nz>
Cc: Ben Gaukrodger [TSY] <Ben.Gaukrodger@treasury.govt.nz>
Subject: Review of monetary policy - Draft terms of reference and list of potential reviewers

[IN-CONFIDENCE]

Kia ora Chris

Please find attached the draft terms of reference and list of potential candidates to lead the independent review of the monetary policy response to the COVID-19 pandemic.

We are aiming to put this to the Minister as soon as possible, so please let us know if the Reserve Bank has any comments or suggestions, ideally by the end of the week.

I note that once the Minister has provided her input, she will then formally consult the Reserve Bank on the review per section 194 of the RBNZ Act.

Happy to discuss. I'm away tomorrow but free most of Thursday.

Cheers
Sam



Sam Thornton | Kaitātari Matua – Senior Analyst | Te Tai Ōhanga – The Treasury

Tel: s9(2)(k) | Email: sam.thornton@treasury.govt.nz

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7.30-2	8.30-5	7.30-2	8.30-5	9-3.30 or not working (alternating fortnightly)

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IN-CONFIDENCE**Independent review of the monetary policy response to the
COVID-19 pandemic****Draft terms of reference**

Version: Initial RBNZ consultation – 6 May 2025

1. The Minister of Finance is commissioning an independent review of the monetary policy response to the COVID-19 pandemic (the review) to inform the ongoing effectiveness of monetary policy responses to shocks.
2. The review is conducted under section 194 of the Reserve Bank of New Zealand Act 2021 (the Act). As required under section 194, the Minister has consulted the Reserve Bank on the purpose and nature of this review and has considered the submissions made by the Reserve Bank on the proposed review.

Background

3. The Reserve Bank's Monetary Policy Committee (MPC) is required under the Act to formulate monetary policy. The MPC is a committee of the Reserve Bank under section 97 of the Act. The Reserve Bank has the function of implementing the monetary policy formulated by the MPC.
4. During 2020 to 2022, there were significant economic challenges arising from the COVID-19 pandemic. In response, the MPC took unprecedented monetary policy actions. These included reducing the Official Cash Rate (OCR) to 0.25%, providing specific forward guidance about the OCR, and implementing Additional Monetary Policy (AMP) tools. The AMP tools used were the Large Scale Asset Purchase (LSAP) programme and the Funding for Lending Programme (FLP).
5. From late 2020 New Zealand's economic recovery was stronger than expected. House prices increased, and from early 2021 consumer price inflation began to rise. From late 2021, the MPC began to increase the OCR in response. Between 2021Q1 and 2023Q1, CPI inflation averaged 5.8%, compared to the midpoint of the MPC's inflation objective of 2.0%. As of March 2025, direct interest rate losses on the LSAP programme are estimated to be around \$10.5 billion.
6. In November 2022, the Reserve Bank released its review of the formulation and implementation of monetary policy in the five years ended October 2022, as was

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required under section 131 of the Act.¹ The Reserve Bank commissioned two external peer reviews of this report.²

7. New Zealand's broader response to COVID-19 is being reviewed by the Royal Commission of Inquiry into Lessons Learned from Aotearoa New Zealand's Response to COVID-19 That Should Be Applied in Preparation for a Future Pandemic (the COVID-19 Royal Commission). Decisions taken by the MPC are out of scope of the COVID-19 Royal Commission and instead will be addressed in this review.³

Purpose and nature of the review

8. The purpose of the review is to:
 - 8.1. assess the monetary policy response to the COVID-19 pandemic and
 - 8.2. make recommendations to improve the monetary policy response to future shocks.
9. The review will assess:
 - 9.1. The MPC's decisions about the overall stance of monetary policy from 1 January 2020 to 31 December 2022 and the Reserve Bank's analysis provided to the MPC to inform these decisions.⁴
 - 9.2. The MPC's decisions about AMP tools from 1 January 2020 to 31 December 2022 and the Reserve Bank's analysis provided to the MPC to inform these decisions.
 - 9.3. The MPC's and the Reserve Bank's preparation from 1 April 2019 to 31 December 2022 for the event of reaching the effective lower bound on interest rates.⁵
10. The assessment and recommendations will consider:
 - 10.1. the Reserve Bank's monitoring and forecasting processes

¹ <https://www.rbnz.govt.nz/hub/publications/monetary-policy-statement/rafimp>

² <https://www.rbnz.govt.nz/monetary-policy/about-monetary-policy/rafimp/a-summary-of-rafimp>

³ Clause 6(1) of Schedule 2 of the Royal Commission of Inquiry (COVID-19 Lessons) Amendment Order (No 2) 2024

⁴ The period runs from 1 January 2020, around when COVID-19 began to be recognised as an economic risk, through to the end of 2022, by which time most COVID-19 restrictions had ended and the MPC had responded to elevated inflation.

⁵ The period extends back to the MPC's establishment on 1 April 2019.

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- 10.2. the MPC's decision-making strategy, processes and treatment of uncertainty, including its processes set out in the MPC Charter⁶
 - 10.3. the MPC's communications and forward guidance
 - 10.4. the MPC's choice of policy tools, including but not limited to its consideration of the effectiveness of the LSAP and risks to the public balance sheet
 - 10.5. the MPC's consideration of the interaction of monetary policy with fiscal and macroprudential policy, and
 - 10.6. any other matters the reviewer considers relevant to the formulation and implementation of monetary policy.
11. The following matters are out of scope of the review:
- 11.1. The Reserve Bank's functions aside from monetary policy. However, areas of overlap between monetary policy and the Reserve Bank's other functions are in scope, such as interactions between monetary policy and macroprudential policy.
 - 11.2. The Treasury Observer's role and functions.⁷ The reviewer may consider whether the MPC and Reserve Bank had appropriate regard to the information provided by the Treasury Observer, and whether the information provided by the Treasury Observer adequately represented the stance of fiscal policy.
 - 11.3. The Government's decision to indemnify the Reserve Bank in respect of any financial losses associated with the LSAP programme as this was not a decision by the MPC or the Reserve Bank.
 - 11.4. The Reserve Bank Board's monitoring of the performance of the MPC and individual MPC members.
12. The review will operate as follows:
- 12.1. The review is to assess the decisions of the MPC as a whole, not individual MPC members.
 - 12.2. The review will draw on:
 - 12.2.1. written material the MPC considered during the period under review

⁶ <https://www.rbnz.govt.nz/-/media/project/sites/rbnz/files/monetary-policy/about-monetary-policy/december-2023-monetary-policy-committee-charter.pdf>

⁷ The Treasury Observer is not a member of the MPC or part of the Reserve Bank so is not within the scope of a review under section 194 of the Act. Under clause 30, Schedule 3 of the Act, the Secretary to the Treasury or their delegate as Treasury Observer has the same rights to attend and speak at MPC meetings but has no right to vote on any question before the MPC and is not subject to the duties that apply to members. The Treasury Observer functions are listed under clause 33, Schedule 3 of the Act.

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- 12.2.2. previous reviews, such as Reserve Bank's 2022 Review and Assessment of the Formulation and Implementation of Monetary Policy⁸
 - 12.2.3. public commentary on monetary policy
 - 12.2.4. interviews with people who were MPC members for a year or more during the period under review.⁹
- 12.3. any other information or people the reviewer considers, at their discretion, would help the reviewer make their assessment based on these Terms of Reference. It is not expected that the reviewer will seek public submissions.
13. The assessment of the monetary policy response to the COVID-19 pandemic should have regard to New Zealand's circumstances, what was known at the time, and relevant decisions made by comparable central banks, as well as the objectives of monetary policy that applied at the time. When making recommendations, the reviewer may apply the benefit of hindsight.
14. The reviewer will provide a draft report for comment in early August 2025 to the MPC members from the period under review (including those on the MPC for less than a year), the Treasury, and the Reserve Bank. The reviewer will provide a final report for publication by 23 September 2025. The report is to be no longer than 40 pages.

⁸ <https://www.rbnz.govt.nz/monetary-policy/about-monetary-policy/rafimp>

⁹ The following individuals were MPC members for a year or more during the period under review: Adrian Orr, Geoff Bascand, Christian Hawkesby, Yuong Ha, Bob Buckle, Peter Harris, and Caroline Saunders.

IN-CONFIDENCE**Independent review of the monetary policy response to the COVID-19 pandemic****Possible candidates to undertake the review**

Version: Initial RBNZ consultation – 6 May 2025

Characteristics sought

We think the ideal candidate would have the following characteristics:

- Strong expertise in monetary policy – e.g., a former senior central banker or monetary policy committee member
- Impartial and objective. This would involve having:
 - no conflicts of interest with their current roles
 - a limited history of publicly commenting on the NZ monetary policy response to COVID-19
 - ideally have not been involved in making similar decisions in other jurisdictions to those made by the RBNZ's MPC.
- Available to complete the work in the time available.
- It would be beneficial if the reviewer has reviewed a central bank before, though not essential.

In practice, the most likely candidates are probably overseas senior central bankers or MPC members who retired from this line of work prior to 2020.¹

¹ For reference - this paper presented at the RBNZ's March 2025 conference provides a summary of 20 central bank reviews since 2001. Table 2 names the reviewers involved in each review. <https://www.rbnz.govt.nz/-/media/project/sites/rbnz/files/events/2025/economics-conference/day-1/central-bank-reviews.pdf>

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Suggested top candidates who stand out against the criteria

Person	Qualifying characteristics	Any reservations?
1. Kristin Forbes	<p>External Member of the BOE MPC (2014-2017), White House Council of Economic Advisors (2003-05), currently a professor at MIT.</p> <p>Reviewed the Bank of Canada's own COVID-19 review.² Was also involved in a 2018 Central Bank of Iceland review.</p>	
2. Carolyn Wilkens	<p>Deputy Governor Bank of Canada 2014-2020, and current external member of BoE FPC. She was a panellist on the 2023 RBA review.</p> <p>Suggested by the RBNZ when we asked in the week of 7 April.</p>	
3. Athanasios Orphanides	<p>Prominent researcher on monetary policy, Governor of Central Bank of Cyprus 2007-2012, and member of Governing council of ECB 2008-2012. Amongst other roles he is currently involved in Asia school of business, and he has visited New Zealand a few times before.</p> <p>Advised on some other central bank reviews (RBA 2023, Central Bank of Iceland 2018)</p> <p>Suggested by the RBNZ when we asked in the week of 7 April.</p>	
4. s9(2)(a)		
5.		

² <https://www.bankofcanada.ca/2025/01/bank-canada-releases-review-exceptional-policy-actions-taken-during-pandemic/>. The other reviewers were Bank of Spain Governor Pablo Hernández de Cos and University of Calgary Professor Trevor Tombe, who might also be suitable.

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	s9(2)(a)	
6.	s9(2)(a)	
7.		

Further candidates who look suitable

Person	Qualifying characteristics	Any reservations?
8. Sheryl Kennedy	BOC Deputy Governor 1994-2008, currently on boards	
9.	s9(2)(a)	
10		
11.	s9(2)(a)	
12.	s9(2)(a)	
13. Renée Fry-McKibbin	Professor of Economics at the Crawford School of Public Policy, Australian National University On the panel of the 2022 RBA review	Her husband Warwick McKibbin was a reviewer of the RAFIMP
14. Ben Bernanke	Chair of the Federal Reserve Board of Governors 2006-2014 Suggested by the RBNZ when we asked in the week of 7 April.	Perception risks having just been the keynote at RBNZ's conference on 6-7 March, and deeply involved in the global central

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		banking community. Undertook a review of the Bank of England's forecasting during COVID in 2024 (although this was much more technical than what we're proposing).
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DRAFT

From: Sam Thornton [TSY]
Sent: Monday, 28 July 2025 12:17 pm
To: Chris Bloor
Subject: RE: MoF letter to RBNZ - consultation on review
Attachments: Draft Cabinet paper - Independent review of monetary policy (clean) (5153715.1).docx; Draft terms of reference (clean)(5153714.1).docx

Hi Chris

Attached is the draft Cabinet paper and updated terms of reference. As previously mentioned, we will recommend MoF adopts the wording in Christian's letter regarding a broader assessment of the costs/benefits of the LSAP and FLP.

Let me know if you have any concerns, ideally by midday tomorrow, with how I've reflected RBNZ's feedback in para 28 of the Cabinet paper. We're aiming to put the Cabinet paper and revised terms of reference to MoF tomorrow around 2pm.

In terms of next steps:

- MoF might take the paper to CBC as early as 4 August but may go to a later Cabinet committee. We don't anticipate any announcements until the reviewers have been confirmed, which probably won't be until early September at the earliest.
- We plan to write to short-listed reviewer candidates late this week to gauge their interest, availability and fees. I'll come back to you tomorrow or Wednesday with a bit more detail about the process and who we'll be contacting.

Regards
Sam

From: Sam Thornton [TSY]
Sent: Monday, 28 July 2025 8:13 am
To: 'Chris Bloor' <Chris.Bloor@rbnz.govt.nz>
Subject: RE: MoF letter to RBNZ - consultation on review

Thanks Chris!

From: Chris Bloor <Chris.Bloor@rbnz.govt.nz>
Sent: Friday, 25 July 2025 10:34 am
To: Sam Thornton [TSY] <Sam.Thornton@treasury.govt.nz>
Subject: RE: MoF letter to RBNZ - consultation on review

IN CONFIDENCE

Hi Sam,

This response letter has just gone across to the Minister's office.

Cheers,
Chris

IN CONFIDENCE

From: Sam Thornton [TSY] <Sam.Thornton@treasury.govt.nz>
Sent: Thursday, 24 July 2025 5:01 pm
To: Chris Bloor <Chris.Bloor@rbnz.govt.nz>
Subject: RE: MoF letter to RBNZ - consultation on review

Good to know. I'll use email in future

From: Chris Bloor <Chris.Bloor@rbnz.govt.nz>
Sent: Thursday, 24 July 2025 4:58 pm
To: Sam Thornton [TSY] <Sam.Thornton@treasury.govt.nz>
Subject: RE: MoF letter to RBNZ - consultation on review

IN CONFIDENCE

Ah thanks. Teams messages from outside the organisation don't appear in the normal feed, so it's easy to miss them.

IN CONFIDENCE

From: Sam Thornton [TSY] <Sam.Thornton@treasury.govt.nz>
Sent: Thursday, 24 July 2025 4:38 pm
To: Chris Bloor <Chris.Bloor@rbnz.govt.nz>
Subject: RE: MoF letter to RBNZ - consultation on review

Thanks for the update.

It is fine for the letter to come on 28 July (Monday). The Minister's office has agreed not to try taking a paper to the EXP Cabinet committee on 29 July, so that takes the pressure off receiving the Board's feedback. I sent you a message on Teams yesterday but you may not have seen it.

Cheers
Sam

From: Chris Bloor <Chris.Bloor@rbnz.govt.nz>
Sent: Thursday, 24 July 2025 4:18 pm
To: Sam Thornton [TSY] <Sam.Thornton@treasury.govt.nz>
Subject: RE: MoF letter to RBNZ - consultation on review

IN CONFIDENCE

Hi Sam,

No further issues came up with respect to the external review at the Board discussion today. A draft letter is sitting with Christian for sign-off now, raising those two points of feedback on the ToR.

I've let Christian know that the Minister is hoping for response by midday tomorrow, so hopefully he will be able to sign-off and get across by then.

Cheers,
Chris

IN CONFIDENCE

From: Sam Thornton [TSY] <Sam.Thornton@treasury.govt.nz>
Sent: Tuesday, 22 July 2025 1:50 pm
To: Chris Bloor <Chris.Bloor@rbnz.govt.nz>
Subject: RE: MoF letter to RBNZ - consultation on review

Sounds good. We're supportive of the sentiment. Ash Dunstan reminded me that the intention of the RBNZ Act review was to regularise remit reviews, and move away from ad hoc changes, to support good process and framework stability.

From: Chris Bloor <Chris.Bloor@rbnz.govt.nz>
Sent: Tuesday, 22 July 2025 1:40 pm
To: Sam Thornton [TSY] <Sam.Thornton@treasury.govt.nz>
Subject: RE: MoF letter to RBNZ - consultation on review

IN CONFIDENCE

On 10.2 – I think what we're waiting to try and do is avoid an expectation of immediate changes to Remit/Charter. So we'll definitely convey that sentiment in our response either way.

But certainly understand where you're coming from with this, and agree the Minister will want to retain optionality. I'll see where the Board lands – it may be that just raising this issue in our response, but not changing the ToR will be sufficient at this point.

IN CONFIDENCE

From: Sam Thornton [TSY] <Sam.Thornton@treasury.govt.nz>
Sent: Tuesday, 22 July 2025 12:28 pm
To: Chris Bloor <Chris.Bloor@rbnz.govt.nz>
Subject: RE: MoF letter to RBNZ - consultation on review

Thanks Chris.

On 10.2, I agree that it could be a better and more efficient process to consider remit/charter changes through the planned remit review. However, I'm reluctant to signal the Minister's intent on timing/process through the terms of reference until she's received the Review's recommendations and taken further advice (including from us and RBNZ). Instead, could we leave it to subsequent advice from RBNZ and Treasury, once we see the Review's recommendations, to consider the best timing and process for remit/charter changes?

On 12.4, I also agree. Your feedback is similar to other feedback. I'll go with your first, simple option.

Cheers
Sam

From: Chris Bloor <Chris.Bloor@rbnz.govt.nz>
Sent: Tuesday, 22 July 2025 10:27 am

To: Sam Thornton [TSY] <Sam.Thornton@treasury.govt.nz>

Subject: RE: MoF letter to RBNZ - consultation on review

IN CONFIDENCE

Hi Sam,

There are two parts of the Terms of Reference that we have proposed to the Board that they consider providing feedback on. It is possible that other issues may arise in the Board's discussion.

The first issue is paragraph 10.2. We think it would be better to consider any issues that the Review raises about the MPC Remit and Charter as part of the wider Remit Review process that is to be completed by mid-2028. A slight tweak to that clause as below would be helpful to signal that intent.

10.2. make recommendations to improve the monetary policy response to future shocks, including commentary around potential changes to ~~the~~ frameworks [that could be considered in future framework reviews](#), having regard to the benefits of hindsight.

The other issue is we think the framing of 12.4.1 and 12.4.2 sounds a bit narrow, and it would be useful to broaden this out to allow for a wider assessment of net benefits of the LSAP programme. For example the LSAP programme had an important role in restoring functioning in the bond market. It also lowered government borrowing costs and boosted tax revenue, so the overall impact on the Crown balance sheet is quite nuanced, and goes well beyond the losses covered by the indemnity. We don't have agreed wording on this, but we've got a couple of working level options. First option would be to go very simple:

12.4.1 Whether the benefits provided by the LSAP programme justified the risks and costs, and

12.4.2 Whether the benefits provided by the Funding for Lending Programme justified the risks and costs.

Alternatively, could go for a more fulsome option:

12.4.1 whether the benefits of the LSAP to the Reserve Bank's objectives, and the flow on benefits to tax revenues and the cost of new government borrowing, justified the risks to the public balance sheet and other costs, and

12.4.2 whether the benefits of the Funding for Lending Programme to the Reserve Bank's objectives, and the flow on benefits to tax revenues, justified the risks to the public balance sheet and other costs, and

I haven't run these options past senior management, so they may well express some different views. Also open to suggestions if there's any wording that you think would more efficiently meet this intent. I'm probably erring more towards the simpler option.

Cheers,
Chris

IN CONFIDENCE

From: Sam Thornton [TSY] <Sam.Thornton@treasury.govt.nz>

Sent: Monday, 14 July 2025 10:35 am

To: Chris Bloor <Chris.Bloor@rbnz.govt.nz>

Subject: RE: MoF letter to RBNZ - consultation on review

Hi Chris

Yes – that date should be 1 April 2019.

Thanks
Sam

From: Chris Bloor <Chris.Bloor@rbnz.govt.nz>
Sent: Friday, 11 July 2025 10:22 am
To: Sam Thornton [TSY] <Sam.Thornton@treasury.govt.nz>
Subject: RE: MoF letter to RBNZ - consultation on review

IN CONFIDENCE

Hi Sam,

Just one thing I wanted to check about the ToR: In para 11 it talks about preparations from 1 April 2020 for reaching the ELB – was this supposed to be 1 April 2019?

Cheers,
Chris

IN CONFIDENCE

From: Sam Thornton [TSY] <Sam.Thornton@treasury.govt.nz>
Sent: Thursday, 10 July 2025 4:13 pm
To: Chris Bloor <Chris.Bloor@rbnz.govt.nz>
Subject: MoF letter to RBNZ - consultation on review

[IN-CONFIDENCE]

Hi Chris

The Minister of Finance's office intends to send the attached letter and draft terms of reference to Neil and Christian today.

Regards
Sam

Sam Thornton | Te Tai Ōhanga The Treasury

Macroeconomic and Fiscal Policy, Senior Analyst
Budget and Fiscal Strategy

tau waea phone: s9(2)(k) | waea pūkoro mobile: s9(2)(g)(ii) | ĩmēra email: sam.thornton@treasury.govt.nz
treasury.govt.nz | [LinkedIn](#) | [Youtube](#)



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THE TREASURY**

I work irregular hours:

Mon	Tue	Wed	Thu	Fri
7.30-2	8.30-5	7.30-2	8.30-5	9-3.30 or not working (alternating fortnightly)

From: Sam Thornton [TSY]
Sent: Friday, 1 August 2025 2:07 pm
To: chris.bloor@rbnz.govt.nz
Cc: Neil Kidd [TSY]
Subject: Update on independent review and mon-fiscal coordination work

[IN-CONFIDENCE]

Hi Chris

Neil mentioned you're interested in an update on the independent review and our fiscal-monetary coordination work programme.

Independent review

- Cabinet process:
 - We expect the Minister will submit the Cabinet paper and terms of reference for consideration at either EXP on 12 August (if she asks another Minister to take the paper on her behalf due being overseas) or ECO on 20 August.
 - The Minister did not submit the paper for CBC on 4 August. We've had no feedback about why, so it might just be that she hasn't had time to consider the paper yet.
- Contacting former MPC members: I agree former MPC members shouldn't hear about the review via the media. I think it's probably best to wait until it's been through Cabinet in mid-to-late August. I can test the approach with the Minister's office if that would be helpful. I expect they'll be fine with it, but will probably request former MPC members keep it confidential until publicly announced. Would it be helpful to ask the Minister to write to former MPC members before any announcement? It seems polite and might help set a constructive tone for the review's engagement with the former MPC members.
- Contacting potential reviewers:
 - Letters to potential reviewers should go out on Monday to: (i) candidates for lead reviewer: Kristin Forbes, Carolyn Wilkins, Renee Fry-McKibbin, Sheryl Kennedy, Andy Haldane, and (ii) candidates for NZ reviewer: Alan Bollard and John Whitehead. There are a few others names we may write to as well. I'll let you know where this lands.
 - Once we hear from the candidates (assuming some of them are available and interested), we'll run a brief evaluation process in mid-to-late August, then make the final recommendation to the Minister (end of August or early September). I'll let you know the outcome of our evaluation process before we seek confirmation from the Minister.
- Announcements: I expect any announcement would wait until the terms of reference are approved by Cabinet and the reviewers have been confirmed by the Minister. This will likely be September at the earliest.

Out of scope

Cheers
Sam

Sam Thornton | Te Tai Ōhanga The Treasury

Macroeconomic and Fiscal Policy, Senior Analyst
Budget and Fiscal Strategy

tau waea phone: s9(2)(k) | waea pūkoro mobile: s9(2)(g)(ii) | imēra email: sam.thornton@treasury.govt.nz

From: Chris Bloor <Chris.Bloor@rbnz.govt.nz>
Sent: Thursday, 21 August 2025 10:14 am
To: Sam Thornton [TSY]
Subject: Possible conflict of interest of external reviewer

IN CONFIDENCE

Hi Sam,

I've followed up about possible conflicts of interest related to a potential external reviewer sitting on the board of China Construction Bank.

In regards to your specific query – yes, CCB did draw down on the funding for lending programme. So there is a potential conflict relating to that, and wider measures that the Reserve Bank took to support the stability of the financial system over the Covid period.

I've discussed this with Christian and Karen, and they are open to having plans in place to manage potential conflicts of interest.

Cheers,
Chris

IN CONFIDENCE

From: Sam Thornton [TSY]
Sent: Monday, 8 December 2025 11:43 am
To: chris.bloor@rbnz.govt.nz
Subject: FW: Iain Rennie meeting with Governor Breman - supporting slides
Attachments: Iain Rennie meeting with Governor Breman - 9 December 2025.pdf

FYI

From: Sam Thornton [TSY]
Sent: Monday, 8 December 2025 7:42 am
To: Adrian Katz [TSY] <Adrian.Katz@treasury.govt.nz>; Alex Hamilton [TSY] <alex.hamilton@treasury.govt.nz>; Lucy Gentles [TSY] <Lucy.Gentles@treasury.govt.nz>; Max Wilson [TSY] <Max.Wilson@treasury.govt.nz>; Paul Simperingham [TSY] <Paul.Simperingham@treasury.govt.nz>
Cc: Neil Kidd [TSY] <Neil.Kidd@treasury.govt.nz>; Simon McLoughlin [TSY] <Simon.McLoughlin@treasury.govt.nz>
Subject: FW: Iain Rennie meeting with Governor Breman - supporting slides

Optional FYI – slide 4 covers monetary policy matters

From: Elena Obolonkina [TSY] <Elena.Obolonkina@treasury.govt.nz>
Sent: Friday, 5 December 2025 3:40 pm
To: Jess Rowe <jess.rowe@rbnz.govt.nz>; Paul Kilford <paul.kilford@rbnz.govt.nz>; paul.conway@rbnz.govt.nz;
helen.kincaid@rbnz.govt.nz
Cc: Rory Chignell [TSY] <Rory.Chignell@treasury.govt.nz>; Conor McBride [TSY] <Conor.McBride@treasury.govt.nz>; Kirk McDowall [TSY] <Kirk.McDowall@treasury.govt.nz>; Sam Thornton [TSY] <Sam.Thornton@treasury.govt.nz>; Alex Hamilton [TSY] <alex.hamilton@treasury.govt.nz>
Subject: Iain Rennie meeting with Governor Breman - supporting slides

Kia ora koutou,

The Treasury Chief Executive Iain Rennie is due to meet with Governor Breman next week, 9 December at 2:30pm to discuss Treasury's priorities for Q1 2026.

Please see attached the slides to support this meeting.

Best Regards,
Elena Obolonkina

Elena Obolonkina | Te Tai Ōhanga The Treasury

Kaitātari Kaupapa Here – Analyst

Financial Markets and Regulatory Institutions team

Economic Performance Division, Economic Policy Group

tau waea phone s9(2)(k) īmēra email: Elena.Obolonkina@treasury.govt.nz





TE TAI ŌHANGA
THE TREASURY

Meeting between Reserve Bank of New Zealand Governor and the Treasury

Upcoming priorities for the Reserve Bank of New Zealand

Pages 3, 5, 6, 8 and 9 of this attachment
have been removed as they are not in
scope of this request.

9 DECEMBER 2025

Agenda

Meeting between Reserve Bank of New Zealand Governor and the Treasury

Date: 9 December 2025 **Time:** 2:30 - 3:30pm

Upcoming Engagements

- Out of scope
- [Redacted]

Monetary Policy

- Monetary Policy Committee transparency and accountability
- Monetary and Fiscal Coordination

Financial Policy

- Out of scope
- [Redacted]

Other Priorities

- [Redacted]
- [Redacted]
- [Redacted]

Monetary Policy

Monetary Policy Committee (MPC) transparency and accountability

Out of scope

Independent review – The Minister has commissioned an external review of MPC decisions over 2020-2022. We see an opportunity to strengthen the review’s impact by aligning it with your plans for the Reserve Bank's approach to monetary policy. We are open to your views on how to support this (eg, considering your views on potential reviewers, and facilitating early engagement with the reviewers).

Monetary and Fiscal Coordination

Out of scope

Key dates for priorities within the next 90 days

Workstream	Upcoming Milestones
Out of scope	
Independent review of Monetary Policy	<p>Q4 2025 The Treasury proposed two reviewers to conduct the independent review of monetary policy to MoF</p> <p>Q1 2026 Independent review underway</p>
Out of scope	

From: Sam Thornton [TSY]
Sent: Thursday, 18 December 2025 9:51 am
To: 'Chris Bloor'
Subject: RE: External review information

Hi Chris

Per my email to Dan, it seems MoF won't confirm the reviewers until late January, at the earliest.

We didn't end up meeting with MoF yesterday, but the feedback from the Minister's office was that MoF wants to take some time to consider the latest advice on the potential reviewers. The Minister's office thinks this means MoF won't confirm her preferences for reviewer until mid-to-late Jan at the earliest, with AMOF consultation taking another week or more.

Cheers
Sam

From: Chris Bloor <Chris.Bloor@rbnz.govt.nz>
Sent: Wednesday, 17 December 2025 11:58 am
To: Sam Thornton [TSY] <Sam.Thornton@treasury.govt.nz>
Subject: RE: External review information

IN CONFIDENCE

Yep, let me know what outcome of MoF discussion is. Previously there was a bit of concern about sharing the information until formal contracts were signed with appropriate information security provisions. But might be able to work around that if there are assurances around the reviewers not having access until that's sorted.

I'll just check in about the availability of the EA who will be doing this.

IN CONFIDENCE

From: Sam Thornton [TSY] <Sam.Thornton@treasury.govt.nz>
Sent: Wednesday, 17 December 2025 11:53 am
To: Chris Bloor <Chris.Bloor@rbnz.govt.nz>
Subject: RE: External review information

Thanks Chris.

I should know more about timing today following discussions with MoF.

One option is to start uploading the material this side of Xmas, although I imagine you're not too keen to do so until it's clearer if/when the review is happening, which is fair enough! Hopefully I'll have a clearer idea of timing today. I note that the reviewers won't have access to the Teams channel (and any uploaded material) until they're formally contracted and invited to the Teams channel. I would have access, however. If that's a concern, another option is for the Bank to host the Teams channel.

Cheers

Sam

From: Chris Bloor <Chris.Bloor@rbnz.govt.nz>
Sent: Wednesday, 17 December 2025 11:42 am
To: Sam Thornton [TSY] <Sam.Thornton@treasury.govt.nz>
Subject: RE: External review information

IN CONFIDENCE

Hi Sam,

The material is more or less ready to go, but there might be a day's work in transferring all of the papers into the Teams channel. There would be very patchy availability to do that before anniversary weekend, as only a few people have access to all of the relevant information. So as much advance warning as possible will be useful, and we won't necessarily be able to do it at the drop of a hat.

Cheers,
Chris

IN CONFIDENCE

From: Sam Thornton [TSY] <Sam.Thornton@treasury.govt.nz>
Sent: Tuesday, 16 December 2025 11:37 am
To: Chris Bloor <Chris.Bloor@rbnz.govt.nz>
Subject: RE: External review information

Thanks Chris.

We're trying to kick off the review as soon as possible. There's a slim chance it could start on/around 22 Dec if we hear back from the AMoFs. If not, I suspect we'll have to wait until mid to late January.

It would be ideal if you could have the material 'ready-to-go', if needed. Do you think there's a fair bit of work you need to do to compile the material, or are you more thinking about having someone from the Bank available to talk through it with the reviewers?

Cheers

From: Chris Bloor <Chris.Bloor@rbnz.govt.nz>
Sent: Tuesday, 16 December 2025 10:28 am
To: Sam Thornton [TSY] <Sam.Thornton@treasury.govt.nz>
Subject: RE: External review information

IN CONFIDENCE

Hi Sam,

Thanks for the update. No problem to share that list of materials with Athanasios.

Just to check – do you have a view for when the review might kick off and we'd need to provide the materials? I'm just aware that there won't be a lot of people around from the end of this week until after Anniversary weekend, so I'd have to check what our capability to engage over that period is.

Cheers,
Chris

IN CONFIDENCE

From: Sam Thornton [TSY] <Sam.Thornton@treasury.govt.nz>
Sent: Tuesday, 16 December 2025 9:46 am
To: Chris Bloor <Chris.Bloor@rbnz.govt.nz>
Subject: RE: External review information

Hi Chris

A quick update on the independent review:

- We're hoping to hear back from MoF today or tomorrow on who she wants to run the independent review.
- MoF will still need to consult the AMoFs, but there's a small possibility the reviewers will be confirmed this side of Xmas.
- We recommended Athanasios (again) and gave MoF more information about Arthur Grimes and David Archer (they were both keen to be involved).
- I'll let you know what we hear back.

In the meantime, Athanasios asked for more information on the type of material the RBNZ will be able to share (once the reviewers are confirmed). Would it be okay with you if I gave him the attached list of material provided to the RBNZ Board relating to the Feb 2020 MPS decision? I've previously given him the attached "reading list".

Cheers
Sam

Sam Thornton | Te Tai Ōhanga The Treasury

Macroeconomic and Fiscal Policy, Senior Analyst
Budget and Fiscal Strategy

tau waea phone: s9(2)(k) | waea pūkoro mobile: s9(2)(g)(ii) | imēra email: sam.thornton@treasury.govt.nz
treasury.govt.nz | [LinkedIn](#) | [Youtube](#)



From: Chris Bloor <Chris.Bloor@rbnz.govt.nz>
Sent: Wednesday, 17 September 2025 1:41 pm
To: Sam Thornton [TSY] <Sam.Thornton@treasury.govt.nz>
Subject: Re: External review information

IN CONFIDENCE

Hi Sam,

This looks to be a pretty comprehensive list of material. I've made a couple of comments throughout for other material that will likely be useful to the review.

Cheers,

Chris

IN CONFIDENCE

From: Sam Thornton [TSY] <Sam.Thornton@treasury.govt.nz>
Sent: Tuesday, September 16, 2025 5:05 PM
To: Chris Bloor <Chris.Bloor@rbnz.govt.nz>
Subject: RE: External review information

Thanks Chris. I've requested a new Teams channel so we can test it. It should be ready tomorrow. Diligent may be a good fall-back option.

Also, Kristin and Alan asked us to pull together a reading list of key documents to inform the independent review of monetary policy. We've compiled the following, noting where additional confidential/sensitive information will be made available later once their contracts are confirmed and secure file sharing is set up. Can you please review the reading list and let me know what I'm missing? I'm keen to get this back to Kristin and Alan by the end of the day tomorrow, if possible. I'm happy to caveat it as an initial list too if that would give you some comfort.

Regards
Sam

From: Chris Bloor <Chris.Bloor@rbnz.govt.nz>
Sent: Tuesday, 16 September 2025 11:47 am
To: Sam Thornton [TSY] <Sam.Thornton@treasury.govt.nz>
Subject: RE: External review information

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And sorry just two other thoughts:

- We have an internal requirement that no confidential or sensitive information can be fed into a public AI programme. It would be good for this to be reflected in the information security arrangements. AI can be used if it's part of a secure closed system.
- We're releasing a package of material reviewing the most recent tightening cycle on the 29th of September. We'll just be interested in keeping track of when the Minister is planning on publicly announcing the review in relation to this.

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From: Chris Bloor
Sent: Monday, 15 September 2025 4:27 pm
To: 'Sam Thornton [TSY]' <Sam.Thornton@treasury.govt.nz>
Subject: RE: External review information

Just following up on how we get information across to you.

It sounds like Diligent is likely to be a plausible option. They'd need to be set up with a licence, then we could upload all of the material. I'm not sure if you've ever worked with diligent – it's essentially a closed system. Administrators can load material into the system, but it is not possible to extract material from it (including printing or screenshotting material). It is not possible to edit anything within diligent, but you

can put sticky note comments into the docs, and it's possible to print those notes. The material is structured via 'books', so we could set up books for each decision round – that's how we structure it currently.

Teams might be a viable option, but I believe in the past there have been some impediments to sharing documents. I'm not sure if that has been resolved. But I just tried sharing a document with you via Teams, and I can't in the current set-up. That may be because I'm a guest in the CASS system, but there might be some more fundamental roadblocks that we'd need to explore.

From: Sam Thornton [TSY] <Sam.Thornton@treasury.govt.nz>
Sent: Friday, 12 September 2025 2:55 pm
To: Chris Bloor <Chris.Bloor@rbnz.govt.nz>
Subject: RE: External review information

Sounds good. I've sent you an invite for 1pm Monday.

Happy to host you at Tsy, but also happy to come over to RB if you prefer

From: Chris Bloor <Chris.Bloor@rbnz.govt.nz>
Sent: Friday, 12 September 2025 2:46 pm
To: Sam Thornton [TSY] <Sam.Thornton@treasury.govt.nz>
Subject: RE: External review information

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Thanks for that update – how about we catch up at 1pm on Monday.

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From: Sam Thornton [TSY] <Sam.Thornton@treasury.govt.nz>
Sent: Friday, 12 September 2025 2:19 pm
To: Chris Bloor <Chris.Bloor@rbnz.govt.nz>
Subject: RE: External review information

[IN-CONFIDENCE]

Thanks Chris.

Yes, it would be good to meet next week to talk it over.

Are you free at any of the following times:

- Monday, 11am or 1pm
- Tuesday, 11am, 1pm, after 3.30pm
- Wednesday, any time before 2pm

Also, to update you:

- Yesterday we sent a report to the Minister of Finance. We recommended Kristin Forbes and Alan Bollard be selected as the reviewers. If the Minister agrees, the next step is for her to consult the Associate Ministers of Finance (Seymour, Jones, Bishop). We've asked the Minister to do this quickly so we can confirm the contracts with Kristin and Alan on 22 September so they can get started as soon as possible. We should hear back from the Minister early next week. In the meantime, we're going to arrange a meeting between Kristin and Alan so they can confirm they're happy to work together and plan out the timeline for the review in more detail. Kristin intends to start the review as soon as

possible and complete the draft report by mid-Dec, with a trip to New Zealand for interviews in mid-to-late November.

- Our report to the Minister also noted that the review increases risks to public perceptions of the Reserve Bank's operational independence in formulating and implementing monetary policy, particularly in the current context. We recommended careful comms that emphasise: the purpose of the review is to support effective monetary policy responses to future shocks, the review is provided for in New Zealand's legislative monetary frameworks (section 194 of the Reserve Bank Act), and the review is being undertaken free from bias by impartial and objective monetary policy experts.
- Our report also asked the Minister if she wants to write to former MPC members – in advance of any announcements – to inform them about the review and its purpose. I'll let you know what I hear back on that.

Other matters that would be good to discuss at our meeting next week:

- **Management of Alan's conflict of interest:** Our report to the Minister outlined Alan's conflict of interest in relation to his role on the board of the China Construction Bank. Either at our meeting next week or separately, it would be good to discuss a conflict of interest management plan that we are all comfortable with. Our thinking is that the conflict could be managed by: (i) Openly acknowledging Alan's CCB Board role throughout his appointment process and in the review report, and (ii) Alan not undertake the part of the review relating to the Funding for Lending Programme (this part will be carved out for the responsibility of the other reviewer) and ensuring transparency around this delineation of responsibility as part of the review.
- **Information security arrangements:** As we've previously discussed, we'll need to agree an approach to securely sharing files/information with the reviewers. We have a couple of options (e.g. Sharepoint, Central Agencies Secure File Share). However, given most of the information will be from the Reserve Bank, I thought you may have your own platform. It would be good to discuss options, as well as any specific provisions you'd like to include in the contracts with the reviewers over-and-above the standard contract terms (see section 13 [here](#)).

Cheers
Sam

From: Chris Bloor <Chris.Bloor@rbnz.govt.nz>
Sent: Friday, 12 September 2025 11:22 am
To: Sam Thornton [TSY] <Sam.Thornton@treasury.govt.nz>
Subject: External review information

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Hi Sam,

We've been giving some thought to the information we'll need to provide, as well as some of the logistical details around how to get the information to you.

There are quite a few grey areas about what should be in and out of scope – this is like the world's biggest OIA request. So it would be good for us to have a conversation around the nature of the information that exists, and what should be provided. To give a sense of this:

- I assume that all of the material provided as part of the formal agenda's of MPC meetings would be provided. In addition to this, there are often lots of email follow ups, risk surveys and MPC written advice. I've included a list below of the material that was sent to the Board for the February 2020 MPS decision, which should be a fairly comprehensive accounting of the material produced as part of a decision.
- The information around preparations for use of AMP tools is quite spread"
 - Some material went direct to MPC as part of regular policy decisions.

- More of the material went to MPAG over 2019 – MPC members have access to this material, but external MPC members are not formally part of the group, and were not required to attend.
- There's a lot of ALCO material around preparation as well – this tended to focus on implementation details and technical preparations for the use of tools.
- There were also a couple of different steering committees. Project Pumped was all about the economics of the different tool options – ie would they provide stimulus. Project Hydrant mostly focussed in operational readiness for tools, including liaising with industry on their preparations.

For the material going to MPC as part of their regular decision making, we're probably talking about ~3000 pages of material for the 2020-2022 time period. There are probably 50-60 papers of interest on AMP tool preparation over 2019-2020.

Do you want to talk through this next week?

Cheers,
Chris

Monetary Policy Committee Forecast week papers

Forecast week minutes 3 to 5 February 2020

MPAG and MPC minutes 5, 7, 10, & 12 February 2020

Summary record of meeting

Forecast Week Timetable

- 1.1 Forecast week outline
- 1.2 Monetary policy overview
- 1.3 International economic and financial market developments
- 1.4 Recent economic data and developments
- 2.1 Global growth and the terms of trade
- 2.2 Impact of the capital review on our forecasts
- 2.3 Impact of the new government investment package
- 2.4 Should we care about strong public sector wage inflation?
- 3.1 Economic projections
Forecast Chartpack and Forecast Tables
Forecast Chartpack and Forecast Tables - final
- 3.2 Monetary policy stance

- 4.1 International chartpack
 - 4.2 Macro-prudential indicators chartpack
 - 4.3 Sectoral overviews
 - External
 - Household
 - Business investment
 - Labour market
 - GDP and capacity pressure
 - Inflation
 - Fiscal
 - 4.4 Key trends
 - Potential growth
 - Neutral interest rate
 - Inflation expectations
 - NAIRU indicators
 - Uncertainty proxies
 - 4.5 MSE assessment
 - 4.6 Coronavirus: an initial assessment
 - 4.7 Financial stability and monetary policy
- Forecast week follow-ups
- Risk survey handed out and completed
- OCR expectations and market reactions
- Written Advice
- Background reading material - Coronavirus

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Overview of materials relevant for the independent review of monetary policy

Monetary policy framework

- The Reserve Bank's website ([here](#)) provides a short description of New Zealand's monetary policy framework, including the remit and charter.
- The [Monetary Policy Handbook](#) provides significantly more detail on the framework, including the role of the Act, Remit and Charter; principles for good deliberation in the MPC; and monetary policy decision-making process.
- The MPC's remit changed over time. The review period covers the 2019 and 2021 remits. The history of the remit is available [here](#).
- A discussion on the use of AMP tools is covered in Annex 1 of the [Treasury's Long-term Insights Briefing 2025](#) (see page 92).
- The Reserve Bank Act can be found [here](#).

Monetary policy decision-making

The process and information used to make decisions on the appropriate stance of monetary policy, including information on the economic outlook and the monetary policy strategy.

- Sections 2.2 and 2.3 of the Reserve Bank's published [RAFIMP document](#) covers a review of monetary policy developments over the 2020-2022 period and Annex C contains a timeline of monetary policy relevant events over 2020.
- Further to the RAFIMP, the Reserve Bank will be publicly releasing a range of material on 29 September 2025, including:
 - a review of monetary policy over the tightening cycle, which covers the later part of the review period
 - an article summarising the work the Reserve Bank has done so far in responding to the 2022 RAFIMP findings, and
 - a paper that estimates how economic outcomes would have differed had the Reserve Bank started tightening rates earlier and faster over 2021.
- The Reserve Bank will also share the internal papers that informed MPC decisions over the period. These papers cover:
 - A summary of recent economic data and developments
 - Updated economic projections and trend assumptions
 - An overview of sectoral developments, including with respect to fiscal policy
 - Scenarios and risk analysis
 - Staff advice on the appropriate monetary policy stance

- Special topics pertaining to each round, such as interactions between financial stability and monetary policy
- Of the internal MPC papers, the most useful materials are likely to be on the projections, monetary policy stance, and special topics. You can seek input from the Reserve Bank (Chris Bloor) to support you in identifying the most relevant materials. The analyst and the Treasury are also available to help.
- We recommend prioritising:
 - key decision points in 2020 as set out in the timeline published in Annex C of the RAFIMP
 - the July 2021 MPC decision to halt the additional LSAP purchases, and
 - the August 2021 MPC deliberations on whether to start raising the OCR (the MPC decided not to raise the OCR at this meeting considering the Auckland lockdown).

Monetary policy communication

The way that MPC communicated the stance and strategy of monetary policy and risks to the outlook to the public and financial markets.

- Published statements of record and Monetary Policy Statements are the key information source. There were 9 MPC decisions in 2020, 7 in 2021, and 7 in 2022. The timeline on the Reserve Bank's website ([here](#)) includes links to the media releases and monetary policy statements.
- As above, we recommend prioritising:
 - key decision points in 2020 as set out in the timeline published in Annex C of the RAFIMP
 - the July 2021 MPC decision to halt the additional LSAP purchases, and
 - the August 2021 MPC deliberations on whether to start raising the OCR (the MPC decided not to raise the OCR at this meeting considering the Auckland lockdown).
- Speeches on monetary policy:
 - [Navigating at low altitude: Monetary policy with very low interest rates, 2020](#)
 - [A least regrets approach to uncertainty, 2021](#)
 - [Tackling inflation during a pandemic, 2022](#)

Monetary and fiscal co-ordination

The context available to the MPC about fiscal policy and how information was shared between the Treasury and the Reserve Bank.

- Chapter 6 of the [published report](#) from Phase 1 of Royal Commission on COVID-19 lessons learned covers the fiscal response and fiscal monetary co-ordination.
- The Treasury can also share its in-depth submission to Phase 1 of Royal Commission on COVID-19.
- The Treasury's [2025 Long-term Insights Briefing](#) discusses fiscal monetary co-ordination on p 60-61, and the fiscal response to COVID-19 in Box B.
- The Treasury will share an internal review of monetary-fiscal co-ordination in 2024, which included a case study of co-ordination during the period.
- If you would like further detail on what fiscal information was shared with the MPC, the Treasury can investigate sharing briefings given to the Treasury observer, where available.
- The MPC internal papers include additional fiscal analysis, particularly around key fiscal events including the annual Budget in May and Half Year Economic and Fiscal Update in December.
- For more information on fiscal policy:
 - [This note](#) categorises COVID-19 funding to help understand the macroeconomic impact of the fiscal response to COVID-19.
 - [This note](#) quantifies the role of automatic stabilisers in New Zealand using a macro-simulation approach.
 - We could share a draft Treasury working paper that estimates the probability of hitting the effective lower bound in the future.
 - The [2021 Long-term Fiscal Statement](#) included some commentary on fiscal and monetary policy response to the pandemic and noted potential issues about whether monetary policy could perform its stabilisation role in future.

Studies of monetary policy during COVID-19

Evaluation of the conduct of monetary policy between 2020 and 2022 and the impacts of monetary policy during this period.

- Chapter 3 of the Reserve Bank's published [RAFIMP document](#) sets out the Reserve Bank's evaluation of monetary policy over the 2017-22 period in retrospect.
- The following Reserve bank research is also relevant:
 - [This speech](#) summarises four research pieces picking apart the post-COVID inflation experience
 - [This speech](#) on housing is a good reference for looking at the impact that monetary policy had on the housing market over the period
 - [An overview of the distributional effects of monetary policy](#), 2021

- [The effects of the Funding for Lending Programme \(FLP\) on funding costs and mortgage rates](#), 2022
- [Simulating the effect of large scale asset purchases \(LSAPs\) in New Zealand](#), 2025
- We understand that Reserve Bank will soon publish new research on effectiveness of LSAP, including an analysis of what impact negative interest rates might have had.
- IMF Article IV reports include a high-level assessment of monetary policy strategy,
 - The [May 2021 article 4 report](#)
 - The IMF's [May 2022 article 4 report](#)
 - The IMF's [August 2023 article 4 report](#)
- In particular regarding the IMF papers:
 - the selected issues papers from [2022](#) and [2024](#) model the drivers of the post-pandemic rise in inflation
 - Annex IX of [the 2023 IMF Article IV](#) includes the IMF's analysis of the fiscal consequences of the LSAP programme.

Implementation of AMP and preparations prior to 2020

- Explanatory materials on the New Zealand monetary policy framework, toolkit, and strategy contained in the Monetary Policy Handbook and a [2021 article on the Additional Monetary Policy toolkit](#).
- The Reserve Bank website ([here](#)) has a good collection of information on the LSAP programme, including the indemnity provided by the Government and the memorandum of understanding between the Minister of Finance and the Reserve Bank. Other key information includes:
 - A [note on why the Reserve Bank deployed the LSAP and Funding for Lending Programme \(FLP\)](#) as part of its monetary policy response to COVID-19 and a framework for assessing the impacts of these programmes
 - An [analysis of the NZ Government Bond market over 2020-2023](#)
 - The treatment of the LSAP programme in the Crown accounts is explained [here](#).
 - We could also share a draft Treasury working paper on the effects of the LSAP on New Zealand long-term bond yields.
- As noted in the RAFIMP, Reserve Bank staff began to review AMP tools in 2019 that the MPC could deploy if the OCR reached the ELB. Information around preparations for use of AMP tools is contained in papers provided to directly to the MPC, as well as other internal committees. In particular:

- The Monetary Policy Advisory Group (MPAG), particularly the preparations in 2019, and
- the Assets and Liabilities Committee (ALCO), covering implementation details and technical preparations for the use of tools.
- Prior to 2018, [a 2018 Bulletin article](#) outlined the Reserve Bank's position on AMP at that time. The Reserve Bank may be able to provide MPC papers that proposed investigating AMP tools prior to the publication of this Bulletin article, but did not proceed at that time.
- The Reserve Bank will be able to help identify key papers for the independent review.

Other commentary on monetary policy

- The IMF's annual article 4 reports on New Zealand provide useful commentary on macroeconomic conditions and the stance of fiscal and monetary policy.
 - The [May 2021 article 4 report](#)
 - The IMF's [May 2022 article 4 report](#)
 - The [May 2022 selected issues](#) paper on whether New Zealand's inflation surge was transitory or persistent
 - The IMF's [August 2023 article 4 report](#)

From: Sam Thornton [TSY]
Sent: Wednesday, 28 January 2026 7:54 am
To: Chris Bloor
Subject: RE: Independent review - alternative to Teams
Attachments: Terms of reference - Independent review of monetary policy(5160525.1).docx

Sorry, here's the latest terms of reference. We're waiting on final approval to the updated timing from the Minister's office.

For a (slightly) more detailed timeline, here's what we've developed with Athanasios and David. Ideally the consultation period would be longer, but it has been squeezed between needing to give Athanasios and David sufficient time to prepare the draft report, whilst allowing the report to be publicly released well-before the election. Athanasios and David are hopeful they'd have a draft for consultation sooner, which would probably work better for managing RBNZ staff workloads around the Sep MPS.

Milestone	Proposed date
Interviews with former MPC members and others	15-20 March
Draft report provided to the Treasury, RBNZ and former MPC members for two-week consultation	12 August
Final report delivered to the Minister, the Treasury and the RBNZ	26 August
Meeting between the reviewers and the Minister to brief on the final report	3 September (TBC)
Report publicly released	Early September

Cheers
 Sam

From: Chris Bloor <Chris.Bloor@rbnz.govt.nz>
Sent: Tuesday, 27 January 2026 5:11 pm
To: Sam Thornton [TSY] <Sam.Thornton@treasury.govt.nz>
Subject: RE: Independent review - alternative to Teams

IN CONFIDENCE

Thanks Sam – have you got an updated terms of reference yet? Just interested in how the dates have moved around.

IN CONFIDENCE

From: Sam Thornton [TSY] <Sam.Thornton@treasury.govt.nz>
Sent: Tuesday, 27 January 2026 4:53 pm
To: Chris Bloor <Chris.Bloor@rbnz.govt.nz>
Subject: RE: Independent review - alternative to Teams

Thanks Chris.

I agree Teams is the preferred approach. Hopefully we can get it working for the reviewers.

Please find attached the draft letter from MoF to the RBNZ on the review. I plan to send this to the Minister's office on Thursday. I will ask the Minister's office not to sign/send it until the contracts with Athanasios and David have been finalised.

I will ask the Minister's office for an indication of when they intend to announce the review. We'll pull together a high-level comms plan and will send to you. Our advice to the Minister's office will be to coordinate the announcement with the RBNZ.

Sam

From: Chris Bloor <Chris.Bloor@rbnz.govt.nz>
Sent: Monday, 26 January 2026 5:28 pm
To: Sam Thornton [TSY] <Sam.Thornton@treasury.govt.nz>
Subject: RE: Independent review - alternative to Teams

IN CONFIDENCE

Also one more thing – just want to check in on the formal letter on the external review and to make sure we'll have that before the Minister publicly announces.

We were going to wait for this before sending a letter to former MPC members, but Karen was quite concerned about Minister going public first.

IN CONFIDENCE

From: Chris Bloor
Sent: Monday, 26 January 2026 1:36 pm
To: 'Sam Thornton [TSY]' <Sam.Thornton@treasury.govt.nz>
Subject: RE: Independent review - alternative to Teams

Hi Sam,

The team's option seems to be quite an elegant solution, so if you can work around the issues that might be best. I can think of three other options

- We use Teams for the File transfer, but you transfer the documents onto Treasury systems and provide them access. Not sure of the feasibility of this from your end – fine with us as long as access to the material is tightly managed.
- Could get temporary diligent licences for the reviewers, and share material through diligent. It's a bit more work, and diligent licences aren't cheap.
- We haven't explored whether giving access to our systems is an option. Likely would involve long approval processes, and we're about to go live on a new document management system next week that adds complexity. Probably not our preferred option.

Let me know if we do need to explore any of these options in more detail. Also, it's probably going to be easier to share the material before the new document management system is introduced, so ideally we're hoping to do that this week.

Cheers,

Chris

From: Sam Thornton [TSY] <Sam.Thornton@treasury.govt.nz>
Sent: Monday, 26 January 2026 8:31 am
To: Chris Bloor <Chris.Bloor@rbnz.govt.nz>
Subject: Independent review - alternative to Teams

[IN-CONFIDENCE]

Hi Chris

The reviewers are having a bit of trouble with Teams. The issues aren't necessarily insurmountable so far, but I thought it might be worth checking what the next best alternative is from your perspective. Please me know your preferences.

Cheers
Sam

Sam Thornton | Te Tai Ōhanga The Treasury

Macroeconomic and Fiscal Policy, Senior Analyst
Budget and Fiscal Strategy

tau waea phone: s9(2)(k) | waea pūkoro mobile: s9(2)(g)(ii) | imēra email: sam.thornton@treasury.govt.nz
treasury.govt.nz | LinkedIn | Youtube



I work irregular hours:

Mon	Tue	Wed	Thu	Fri
7.30-2	8.30-5	7.30-2	8.30-5	9-3.30 or not working (alternating fortnightly)

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From: Sam Thornton [TSY]
Sent: Tuesday, 3 February 2026 8:52 am
To: Chris Bloor
Subject: RE: Draft TR and comms plan for public announcements on the independent review of monetary policy

Thanks Chris.

I'll update the plan re: informing former MPC members once RBNZ receives the letter (and at least a day before, just in case MoF doesn't send the letter until very close to the announcement).

Cheers
Sam

From: Chris Bloor <Chris.Bloor@rbnz.govt.nz>
Sent: Monday, 2 February 2026 4:45 pm
To: Sam Thornton [TSY] <Sam.Thornton@treasury.govt.nz>
Subject: RE: Draft TR and comms plan for public announcements on the independent review of monetary policy

IN CONFIDENCE

Hi Sam,

This looks fine from my point of view. Only question I had was around timing of informing former MPC members. You've suggested the morning of the announcement, but our intention is to inform them once we get the letter from MoF to make sure they've got plenty of warning and they're not blindsided by it. I don't imagine that would present a major problem?

Emma loaded up most of the documents on Friday. There might be a few missing that we need to tidy up –

Out of scope

Hopefully the new system will be turned on tomorrow. We haven't loaded up any documents about preparations for hitting lower bound – we've got a list, and can load these up as needed.

Cheers,
Chris

IN CONFIDENCE

From: Sam Thornton [TSY] <Sam.Thornton@treasury.govt.nz>
Sent: Friday, 30 January 2026 4:37 pm
To: Chris Bloor <Chris.Bloor@rbnz.govt.nz>
Subject: Draft TR and comms plan for public announcements on the independent review of monetary policy

[IN-CONFIDENCE]

Hi Chris

Please find attached:

- a short Treasury report to the Minister (due Tuesday) covering a few aspects of the announcement of the independent review
- the comms plan for the announcement, including a draft media statement and back-pocket Q&A
- material for proactive release in full (except the estimated total budget in the Cabinet paper to avoid risks from contracted parties seeking more):
 - Cabinet paper - Independent review of monetary policy
 - Cabinet Minute - Independent review of monetary policy
 - Consultation letter from the Minister of Finance to the Reserve Bank - 10 July 2025
 - Consultation with the RBNZ - draft terms of reference - 10 July 2025
 - Consultation response from the Reserve Bank to the Minister of Finance - 24 July 2025

Please let me know if you have any comments or suggestions, ideally by or before COB Monday. The TR and comms plan indicate that you (or Tsy) will send MoF the RBNZ's draft media statement on Tuesday, but no worries if that's not possible and I'll amend the TR.

The draft report and comms plan has not been reviewed by my managers (Simon, Alex) or Treasury comms. If you prefer to look AFTER it's been through them, I can send you the updated version on Monday mid-morning for response by COB.

Sam

Sam Thornton | Te Tai Ōhanga The Treasury

Macroeconomic and Fiscal Policy, Senior Analyst
Budget and Fiscal Strategy

tau waea phone: s9(2)(k) | waea pūkoro mobile: s9(2)(g)(ii) | imēra email: sam.thornton@treasury.govt.nz
treasury.govt.nz | LinkedIn | Youtube



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Communications and engagement plan

Announcement and initial phase of the 2026 independent review of monetary policy

Date:	30 January 2026
Document owner:	Sam Thornton
Responsible manager:	Alex Hamilton
Responsible Director:	Andrew Rutledge

Purpose

This document sets out the communications and engagement plan for the announcement and initial phase of the independent review of monetary policy.

A separate communications plan will be developed for the public release of the review's final report in August 2026.

The plan covers communications by:

- the Minister of Finance and other Ministers
- the Treasury, including NZDM, and
- the Reserve Bank.

Background

The COVID-19 period saw significant economic challenges and unprecedented monetary policy actions by the Reserve Bank, including New Zealand's first use of quantitative easing. From mid-2021 inflation was persistently above the target band.

In August 2025, Cabinet agreed to the establishment and terms of reference for an independent review of monetary policy during the COVID-19 period [ECO-25-MIN-0127 refers]. The Reserve Bank Act provides for the Minister of Finance to review the operations and performance of the Reserve Bank at any time. The purpose of the review is to look back and learn from the COVID-period experience to strengthen future monetary policy responses. This will also support public accountability and confidence in the operational independence of monetary policy.

The terms of reference focus on decisions by the Monetary Policy Committee over three years from 2020, as well as analysis provided by the Reserve Bank to support those decisions. It includes an assessment of the use of the Large Scale Asset Purchase (LSAP) programme, and the coordination of fiscal and monetary policy.

In January 2026, the Minister of Finance confirmed the selection of Athanasios Orphanides and David Archer, both monetary policy experts, to conduct the independent review of monetary policy. Cabinet authorised the Minister of Finance, in consultation with the Associate Ministers of Finance, to approve the selection of two monetary policy experts to conduct the review.

Objectives

The primary objectives of communications and engagement activity are to:

- Raise awareness with the public, media, and markets about the purpose and objectives of review.
- Manage miscommunication and perception risks (e.g., risks to perceptions of bias and pre-determination, risks to perceptions of operational monetary policy independence).

The desired outcome is that the purpose of the review is clear to the public, media, and markets, including that:

- The review is intended to strengthen independent monetary policy by:
 - supporting accountability and public confidence in the operational independence of monetary policy, and
 - providing recommendations for the ongoing effectiveness of monetary policy.
- The review is being carried out by objective and impartial monetary policy experts.

Communications timeline and sequencing

Date/timing	Action	Responsibility	Product
At least the day before the Minister's public announcement	Minister of Finance's office confirming timing of announcement with the Treasury and the Reserve Bank	Minister of Finance's office	n/a
	Minister of Finance's office forwards key messages to Associate Ministers of Finance.	Minister of Finance's office	See "Key messages" section
	Treasury informs Treasury ELT and other staff working on RBNZ-related matters.	Minister of Finance's office	n/a
	RBNZ informs RBNZ Board, current MPC members.	Minister of Finance's office	n/a
Morning of public announcement	RBNZ informs former MPC members (during the period under review) about the review. RBNZ informs them that the reviewers would appreciate meeting with them and will be in touch shortly.	RBNZ	n/a
9-11 July (TBC)	Minister of Finance issues media statement	Minister of Finance	Annex 1: Draft media statement Annex 2: Back-pocket Q&A
Concurrent to Minister's media statement	Treasury publishes Cabinet paper, minute, letters consulting the Reserve Bank, and terms of reference on the Treasury website.	Treasury	Annex 3: Proactive release material
	Reserve Bank issues media statement acknowledging the review and noting it will cooperate fully.	Reserve Bank	Annex 4: RBNZ draft media statement

Immediately after Minister's media statement	Treasury forwards the announcement to OECD, IMF, individuals engaged to be reviewers.	Treasury	n/a
Late February	Treasury proactively releases advice relating to the independent review, subject to approval from the Minister of Finance, and after consultation with the Reserve Bank and other parties (e.g., reviewer candidates).	Treasury	n/a
Ongoing	Treasury, the Reserve Bank, and the Minister of Finance's office will coordinate on media enquiries and any other external communications.	Minister of Finance Reserve Bank Treasury	n/a

Timing of announcement and review

The high-level timeline for the review is set out below.

The Treasury will recommend the Minister of Finance's media statement be issued early in the week of 9 February to clearly separate the review from the monetary policy statement on 18 February 2026.

The Treasury does not recommend announcements:

- During the week of 16-20 February, given the risk of miscommunications with the 18 February MPS.
- In late February, e.g. from 23 February, as it would compress the time available for arranging in-person interviews between the reviewers and former monetary policy committee members (among others) to be held in mid-March. While the Treasury could arrange interviews before your public announcement, this would create risks of information leakage and questions being put to the Reserve Bank at the media conference for the 18 February monetary policy statement.

Milestone	Date
Review commences	Week of 2 February
Public announcement of the review, alongside: <ul style="list-style-type: none"> • RBNZ media statement • Proactive release of Cabinet material and consultation with the RBNZ on the Treasury website 	Early in week of 9 February (subject to Ministerial approval)
Interviews with former MPC members and others	15-20 March
Draft report provided to the Treasury, RBNZ and former MPC members for two-week consultation	12 August
Final report delivered to the Minister, the Treasury and the RBNZ	26 August
Meeting between the reviewers and the Minister to brief on the final report	3 September (date TBC pending Minister's interest and availability)
Report publicly released	Early September

Key messages

- The Government has commissioned two monetary policy experts to provide an independent perspective on the Monetary Policy Committee’s (MPC) performance during 2020 to 2022 and to make recommendations to improve the monetary policy response to future shocks.
- The COVID-19 period saw significant economic challenges and unprecedented monetary policy actions by the Reserve Bank. It is appropriate to look back and learn from that experience to strengthen future monetary policy responses.
- Independent monetary policy is a central pillar of New Zealand’s macroeconomic frameworks. The review is intended to strengthen independent monetary policy by:
 - supporting accountability and public confidence in the operational independence of monetary policy, and
 - providing recommendations for the ongoing effectiveness of monetary policy.
- The review is provided for in New Zealand’s legislative monetary frameworks (section 194 of the Reserve Bank of New Zealand Act 2021). Independent reviews of monetary policy are standard and routine practice in other countries.
- The review is being carried out by objective and impartial monetary policy experts:
 - Athanasios Orphanides is an internationally regarded monetary policy expert. His position as a professor at MIT and his extensive academic publications on monetary policy demonstrate his standing and credibility.
 - David Archer is an expert on the governance arrangements and institutional design features of central banks. He is a former Reserve Bank assistant governor and former head of the Central Banking Studies Unit at the Bank for International Settlements. He currently lives in Switzerland. Mr Archer has disclosed that he is a member of the Reserve Bank Superannuation and Provident Fund Scheme.
- The review’s focus is on decisions by the MPC, and analysis provided by the Reserve Bank to support those decisions, during 2020 through to the end of 2022, including MPC decision making and communication, the use of alternative monetary policy tools, and the coordination of monetary and fiscal policy.
- The review is expected to be completed in August 2026.

Communications Risks and mitigation

Risks	Mitigation
Ministers make statements to media which risks perceptions of bias or predetermination.	The Minister of Finance’s office will provide reactive key messages to the Associate Ministers offices.
Perceptions the review is eroding the operational independence of monetary policy.	The key messages emphasise: <ul style="list-style-type: none"> • the purpose of the review is to support effective monetary policy responses to future shocks, • the review is provided for in New Zealand’s legislative monetary frameworks (section 194 of the Reserve Bank Act), and • the review is being undertaken free from bias by impartial and objective monetary policy experts.

Risks	Mitigation
Perceptions the reviewers are not suitably qualified, bias, or have conflicts of interest.	The key messages emphasise: <ul style="list-style-type: none">• Objectivity and impartiality were key considerations when selecting reviewers.• The reviewers are internationally regarded monetary policy experts.• Dr Orphanides has experience reviewing monetary policy in other jurisdictions.• Mr Archer is former Head of Central Banking Studies at the Bank for International Settlements (2005-2022) and a former Assistant Governor at the Reserve Bank, including responsibility for monetary policy analysis and advice, forecasting, and research.

Annex 1: Draft media statement by the Minister of Finance

The Government has commissioned two experts to provide an independent perspective on monetary policy during 2020 to 2022.

The COVID-19 period saw significant economic challenges and unprecedented monetary policy actions by the Reserve Bank, including New Zealand's first use of quantitative easing. It is appropriate to look back and learn from that experience to strengthen future monetary policy responses.

Independent monetary policy is a central pillar of New Zealand's macroeconomic frameworks. The review is intended to strengthen independent monetary policy by supporting accountability and public confidence in the operational independence of monetary policy and providing recommendations for the ongoing effectiveness of monetary policy.

Independent reviews of monetary policy are standard and routine practice in other countries. The review is provided for in New Zealand's legislative monetary frameworks (section 194 of the Reserve Bank of New Zealand Act 2021).

The review's focus is on decisions by the MPC, and analysis provided by the Reserve Bank to support those decisions. This includes MPC decision making and communication, the use of alternative monetary policy tools, and the coordination of monetary and fiscal policy.

The review is being carried out by objective and impartial monetary policy experts.

- Athanasios Orphanides is an internationally regarded monetary policy expert. He is currently a professor at the Massachusetts Institute of Technology, a former Governor of the Central Bank of Cyprus (2007- 2012), including as a Member of the Governing Council of the European Central Bank, and has previously reviewed monetary policy in other countries.
- David Archer is an expert on the governance arrangements and institutional design features of central banks. He is a former Reserve Bank assistant governor and former head of the Central Banking Studies Unit at the Bank for International Settlements. He currently lives in Switzerland. Mr Archer has disclosed that he is a member of the Reserve Bank Superannuation and Provident Fund Scheme.

The review is expected to be completed in August 2026.

Annex 2: Back-pocket Q&A

1. ***Will the review create perceptions the Government is undermining the operational independence of monetary policy?***
 - The Reserve Bank of New Zealand Act deliberately provides for Minister-initiated reviews of the Reserve Bank's operations and performance. Such reviews support accountability and public confidence in the operational independence of monetary policy and inform the ongoing effectiveness of monetary policy. A review of the 2020–2022 period is appropriate given the unprecedented monetary policy response to the COVID-19 pandemic.
 - External reviews of monetary policy performance are common in other advanced economies, including:
 - the review of the Central Bank of Iceland (2023)
 - the review of the Reserve Bank of Australia (2023)
 - the review of the Bank of England's forecasting and related processes led by Ben Bernanke (2024)
 - the review of the central bank of Sweden (Riksbank) currently underway.

2. ***Why is the review being done now, rather than earlier in the Parliamentary term?***
 - I (the Minister of Finance) did not initiate the review earlier because I was concerned it would have been misinterpreted as something other than a routine review. With the new Governor now in place, the time is right for an objective and impartial review to learn lessons for future monetary policy.

3. ***Will the review have enough time to consider the issues?***
 - The timeframes support a focussed review on the decisions made by the Monetary Policy Committee over three years from 2020, as well as analysis provided by the Reserve Bank to support those decisions.
 - The review can draw on overseas reviews of COVID-19 monetary policy and the Reserve Bank's own review.

4. ***The Reserve Bank has already reviewed the performance of monetary policy over the period. What will we learn from another review that we do not already know?***
 - It is important to gain an external perspective on the performance of monetary policy during the COVID-19 period.
 - The previous review was not independent of the Reserve Bank. The Reserve Bank set the terms of reference and reviewed its own performance.
 - While internal reviews are valuable and are required under the Reserve Bank Act, external reviews provide for greater confidence in the independence of monetary policy, particularly given the unprecedented monetary policy response during the COVID-19 period.

5. ***Who are the reviewers and why did you select them?***
 - The Treasury reached out to a range of monetary policy experts.
 - Securing reviewers with strong credentials is critical to meet the objectives of the review in supporting public accountability and improving the effectiveness of future monetary policy.
 - Athanasios Orphanides.
 - Governor of the Central Bank of Cyprus (2007- 2012). Cyprus adopted the euro on 1 Jan 2008, with Dr Orphanides becoming a Member of the Governing Council of the European Central Bank, responsible for formulating monetary policy for the euro area (2008-2012).

- Senior adviser at the board of governors of the Federal Reserve System in the US.
- PhD in economics from the Massachusetts Institute of Technology
- A member of the Shadow Open Market Committee.
- Dr Orphanides has Authored a review of the RBA’s COVID monetary policy at the ELB that fed into the 2022-23 RBA Review, co-authored a 2022 review of South Africa’s experience with inflation targeting over 2007-21, and co-authored a report on options for the ECB’s Monetary Policy Strategy Review in 2020.
- David Archer:
 - Head of Central Banking Studies, Bank for International Settlements (2005-2022).
 - Assistant Governor, Reserve Bank of New Zealand (until 2004), including responsibility for monetary policy analysis and advice, forecasting, and research (1999-2004) and as a member of the monetary policy committee.

6. Will former Monetary Policy Committee members be involved in the review, e.g. the former Governor of the Reserve Bank?

- The reviewers will invite former Monetary Policy Committee members to be interviewed to share their perspectives on the performance of monetary policy. Participation is voluntary.

7. Why focus on the period 2020–2022? Why not consider the timing and pace of monetary easing from mid–2024?

- 2020–2022 was the key period of uncertainty and significant monetary policy decisions, including the initial response to the pandemic, signs of economic recovery in late 2020 and into 2021, the emergence of inflationary pressures from 2021, and the beginning of the tightening cycle from late 2022.

8. What delayed the review from starting in September 2025 per the Cabinet paper?

- The confirmation of reviewers took longer than expected. Part of this was due to the need to fit within the existing busy schedules of candidates.

9. Does Mr Archer’s role as a trustee and member of the RBNZ Staff Superannuation and Provident Fund create a conflict of interest?

- No. The Treasury considers there is no material actual or potential conflict of interest between the role of reviewer and Mr Archer’s role as member and trustee of the RBNZ Scheme because the matters covered by the review are separate from the RBNZ Scheme, there is no direct opportunity to use the review as leverage to benefit the members of the RBNZ Scheme, s9(2)(f)(iv)

Annex 3: Proactive release material

Annex 4: Draft RBNZ media statement

From: Ben Gaukrodger [TSY]
Sent: Monday, 24 March 2025 10:09 am
To: Matthew Galt [TSY]
Subject: FW: Advice on Monetary Policy Matters

Follow Up Flag: Follow up
Flag Status: Completed

[UNCLASSIFIED]

TR reference below.

From: Hamish Dick <Hamish.Dick@parliament.govt.nz>
Sent: Wednesday, 19 March 2025 11:34 am
To: Ben Gaukrodger [TSY] <Ben.Gaukrodger@treasury.govt.nz>
Cc: Neil Kidd [TSY] <Neil.Kidd@treasury.govt.nz>; Jack Starrett Wright [TSY] <Jack.StarrettWright@treasury.govt.nz>; ^Parliament: Simon McLoughlin <simon.mcloughlin@parliament.govt.nz>
Subject: Advice on Monetary Policy Matters

Hi Ben,

This no doubt will (or has) come to you via James as well. At her meeting with TSY this morning, the Minister requested advice from Treasury on the matters set out in the National-ACT coalition agreement:

- replacing “medium term” with specific time targets
- removing the Treasury observer
- returning to a single decision maker model

Moreover, MoF now feels ready to consider last year’s advice on the external review of monetary policy (T2023/2017). James indicated that Treasury will provide an updated terms of reference for MoF to consider alongside this report.

MoF didn’t indicate exactly when she would like to consider this advice, only that she considers this to be a good window of opportunity, and she stressed that Treasury’s advice on the matters set out in the coalition agreement should be short and sharp.

Happy to have a chat if you’d like more of a run-down of this morning’s discussion (but James will also be able to fill you in).

Cheers,

Hamish



Hamish Dick
Private Secretary – Finance
Office of Hon Nicola Willis
Minister of Finance

Level 7.2 Executive Wing, Parliament Buildings, PO Box 18041, Wellington 6160, New Zealand
M: s9(2)(a)(ii) [REDACTED]
E: hamish.dick@parliament.govt.nz

From: Hamish Dick <Hamish.Dick@parliament.govt.nz>
Sent: Wednesday, 25 June 2025 11:05 am
To: Sam Thornton [TSY]
Cc: Ben Gaukrodger [TSY]
Subject: RE: Revised draft terms of reference

Perfect, thanks!

From: Sam Thornton [TSY] <Sam.Thornton@treasury.govt.nz>
Sent: Wednesday, 25 June 2025 10:55 AM
To: Hamish Dick <Hamish.Dick@parliament.govt.nz>
Cc: Ben Gaukrodger [TSY] <Ben.Gaukrodger@treasury.govt.nz>
Subject: RE: Revised draft terms of reference

Thanks Hamish.

The main content in deleted para 13 is in new para 10. I remove the “benefit of hindsight” language following internal feedback that it is an overused phrase and is self-evident in respect of recommendations. However, I will think about putting it back in because it helps emphasise that we’re interested in learning lessons from the COVID experience.

On para 15, good point! Unfortunately I don’t think the Doctor has the necessary monetary policy credentials.

We’ll aim to get the TR to you tomorrow. I’ll keep you posted.

Cheers
Sam

From: Hamish Dick <Hamish.Dick@parliament.govt.nz>
Sent: Wednesday, 25 June 2025 10:41 am
To: Sam Thornton [TSY] <Sam.Thornton@treasury.govt.nz>
Cc: Ben Gaukrodger [TSY] <Ben.Gaukrodger@treasury.govt.nz>
Subject: RE: Revised draft terms of reference

Looks good, thanks Sam. Grant doesn’t have any comments.

The deleted para 13 – What’s the rationale behind deleting this para? Things like “The reviewer may apply the benefit of hindsight” seem pretty sensible to me.

Para 15 – will the reviewer be the Doctor? (I think you mean February 2026!)

Much appreciated,

Hamish

From: Sam Thornton [TSY] <Sam.Thornton@treasury.govt.nz>
Sent: Wednesday, 25 June 2025 9:24 AM
To: Hamish Dick <Hamish.Dick@parliament.govt.nz>
Cc: Ben Gaukrodger [TSY] <Ben.Gaukrodger@treasury.govt.nz>
Subject: Revised draft terms of reference

[IN-CONFIDENCE]

Kia ora Hamish

I have uploaded revised draft terms of reference for the independent review of monetary policy to the “TSY Budget Sensitive – Macro” Teams channel (this is the same channel used for sharing FSR drafts).

 [REVISED draft terms of reference.docx](#)

I have left in the tracked changes so you can easily see updates made to the original.

I’m available any time before 2pm today if you’d like me to briefly talk through the changes and how they correspond to the Minister’s feedback.

Regards
Sam



Sam Thornton | Kaitātari Matua – Senior Analyst | Te Tai Ōhanga – The Treasury

Tel: s9(2)(k) | Email: sam.thornton@treasury.govt.nz

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Independent review of the monetary policy response to the COVID-19 pandemic

Draft terms of reference

1. The Minister of Finance is commissioning an independent review of the monetary policy response to the COVID-19 pandemic (the review) to support accountability and public confidence in the operational independence of monetary policy and inform the ongoing effectiveness of monetary policy ~~responses to shocks~~.
2. ~~One part of the~~ review is conducted under section 194 of the Reserve Bank of New Zealand Act 2021 (the Act). ~~Under section 194, the Minister of Finance may review the operations and performance of the Reserve Bank at any time.~~ The Monetary Policy Committee (MPC) is a committee of the Reserve Bank under section 97 of the Act. As required under section 194, the Minister has consulted the Reserve Bank on the purpose and nature of this review and has considered the submissions made by the Reserve Bank on the proposed review.
- 2-3. Another part of the review will consider whether the MPC and the Treasury were effectively sharing information, and what improvements could be made to the framework and operation of monetary and fiscal policy coordination.

Background

- 3-4. The Reserve Bank's MPC is required under the Act to formulate monetary policy. The Reserve Bank ~~has the function of implementing the~~ monetary policy formulated by the MPC.
- 4-5. During 2020 to 2022, there were significant economic challenges arising from the COVID-19 pandemic. In response, the MPC took unprecedented monetary policy actions. These included reducing the Official Cash Rate (OCR) to 0.25%, providing specific forward guidance about the OCR, and using Additional Monetary Policy (AMP) tools for the first time. The AMP tools used were the Large Scale Asset Purchase (LSAP) programme and the Funding for Lending Programme (FLP).
- 5-6. From late 2020 New Zealand's economic recovery was stronger than expected. House prices increased, and from early 2021 consumer price inflation began to rise. From late 2021, the MPC began to increase the OCR in response. Between 2021Q1 and 2023Q1, CPI inflation averaged 5.8%, compared to the midpoint of the MPC's inflation objective of 2.0%. There were also ~~financial-fiscal implications~~risks associated with the use of AMP tools. As of the end of April 2025, direct interest rate losses to the Crown from ~~on~~ the LSAP programme are estimated to be around \$10.4 billion.
- 6-7. In November 2022, the Reserve Bank released its review of the formulation and implementation of monetary policy in the five years ended October 2022, as was required under section 131 of the Act.¹ The Reserve Bank commissioned two external peer reviews of this report.²
- 7-8. New Zealand's broader response to COVID-19 is being reviewed by the Royal Commission of Inquiry into Lessons Learned from Aotearoa New Zealand's Response to COVID-19 That Should Be Applied in Preparation for a Future Pandemic (the

¹ <https://www.rbnz.govt.nz/hub/publications/monetary-policy-statement/rafimp>

² <https://www.rbnz.govt.nz/monetary-policy/about-monetary-policy/rafimp/a-summary-of-rafimp>

I N C O N F I D E N C E

COVID-19 Royal Commission). Decisions taken by the MPC are out of scope of the COVID-19 Royal Commission and instead will be addressed in this review.³

Purpose and nature of the review

8-9. The purpose of the review is to:

8.1-9.1. ~~support accountability and public confidence in the operational independence of monetary policy~~ ~~assess the monetary policy response to the COVID-19 pandemic,~~ and

8.2-9.2. ~~make recommendations to improve the~~ ongoing effectiveness of monetary policy ~~response to future shocks.~~

10. The review will:

10.1. ~~assess the performance of the monetary policy response to the COVID-19 pandemic against the objectives of monetary policy that applied at the time, having regard to what was known and could reasonably have been known in the circumstances, and relevant decisions made by comparable central banks~~

10.2. ~~make recommendations to improve the monetary policy response to future shocks, including commentary around potential changes to the frameworks.~~

9-11. The focus of the review is on decisions by the MPC, and analysis provided by the Reserve Bank to support those decisions, during the period 1 January 2020 through 31 December 2022,⁴ and preparations from 1 April 2020 for the event of reaching the effective lower bound on interest rates.⁵

10-12. The ~~following matters are review will in scope of the review~~ assess:

10.1-12.1. the information that was provided to the MPC to support their decision-making, including the Reserve Bank's forecasts

10.2-12.2. the MPC's decision-making strategy, processes and treatment of uncertainty, including its processes set out in the MPC Charter⁶

10.3-12.3. the MPC's communications and forward guidance

12.4. the MPC's and the Reserve Bank's choices about the use and design of monetary policy tools, ~~including in particular:~~

12.4.1. ~~but not limited to its consideration of the effectiveness and design of the LSAP programme and risks to the public balance sheet~~ ~~whether the stimulus provided by the LSAP justified the risks to the public balance sheet and other costs, and~~

³ Clause 6(1) of Schedule 2 of the Royal Commission of Inquiry (COVID-19 Lessons) Amendment Order (No 2) 2024.

⁴ The period runs from 1 January 2020, around when COVID-19 began to be recognised as an economic risk, through to the end of 2022, by which time most COVID-19 restrictions had ended and the MPC had responded to elevated inflation.

⁵ The period extends back to the MPC's establishment on 1 April 2019.

⁶ Refer <https://www.rbnz.govt.nz/-/media/project/sites/rbnz/files/monetary-policy/about-monetary-policy/december-2023-monetary-policy-committee-charter.pdf>

IN CONFIDENCE

~~10.3.1.12.4.2.~~ whether the stimulus provided by the Funding for Lending Programme justified the risks to the public balance sheet and other costs.

~~12.5.~~ the whether the MPC and the Treasury were effectively sharing information, whether the MPC appropriately calibrated monetary policy to the fiscal stance, and what improvements could be made to the framework and operation of monetary and fiscal policy coordination.

~~10.4.12.6.~~ the MPC's consideration of the interaction of monetary policy with fiscal and macroprudential policy, and and the impact on asset and house prices

~~10.5.12.7.~~ any other matters necessary to meet the purpose of the review ~~er considers relevant.~~

~~11.13.~~ The following matters are out of scope of the review:

~~11.1.13.1.~~ The Reserve Bank's functions aside from monetary policy. However, areas of overlap between monetary policy and the Reserve Bank's other functions are in scope, such as interactions between monetary policy and macroprudential policy.

~~11.2.~~ The Treasury Observer's role, functions and actions.⁷ The reviewer may consider whether the MPC and Reserve Bank had appropriate regard to the information provided by the Treasury Observer, and whether the information provided by the Treasury Observer adequately represented the stance of fiscal policy. The fiscal response to the COVID-19 pandemic as this was not a decision by the MPC or the Reserve Bank.

~~11.3.13.2.~~ The Government's decision to indemnify the Reserve Bank in respect of any financial losses associated with the LSAP programme as this was not a decision by the MPC or the Reserve Bank.

~~13.3.~~ The Reserve Bank Board's monitoring of the performance of the MPC and individual MPC members.

~~12.14.~~ The review will operate as follows:

~~12.1.14.1.~~ The review is to assess the collective decisions of the MPC as a whole, not individual MPC members.

~~12.2.14.2.~~ The review will draw on:

~~12.2.1.14.2.1.~~ written material the MPC considered during the period under review

~~12.2.2.14.2.2.~~ previous reviews, such as Reserve Bank's 2022 Review and Assessment of the Formulation and Implementation of Monetary Policy⁸

~~12.2.3.14.2.3.~~ public commentary on monetary policy

~~⁷The Treasury Observer is not a member of the MPC or part of the Reserve Bank so is not within the scope of a review under section 194 of the Act. Under clause 30, Schedule 3 of the Act, the Secretary to the Treasury or their delegate as Treasury Observer has the same rights to attend and speak at MPC meetings but has no right to vote on any question before the MPC and is not subject to the duties that apply to members. The Treasury Observer functions are listed under clause 33, Schedule 3 of the Act.~~

~~⁸ <https://www.rbnz.govt.nz/monetary-policy/about-monetary-policy/rafimp>~~

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~~12.2.4.~~14.2.4. interviews with people who were MPC members for a year or more during the period under review,⁹ and

~~12.2.5.~~14.2.5. any other information or people the reviewer considers, at their discretion, would help the reviewer make their assessment based on these terms of reference.

~~12.3.~~14.3. It is not expected that the reviewer will seek public submissions.

~~13. The assessment of the monetary policy response to the COVID-19 pandemic will be based on how well decision-making supported the objectives of monetary policy that applied at the time. In addition, the review should have regard to New Zealand's circumstances, what was known at the time, and relevant decisions made by comparable central banks. When making recommendations, the reviewer may apply the benefit of hindsight.~~

~~14.~~15. The reviewer will provide a draft report for comment in ~~early August~~December 2025 to the MPC members from the period under review (including those on the MPC for less than a year), the Treasury, and the Reserve Bank. The reviewer will provide a final report by ~~March 23 September~~2026. The report is to be no longer than 40 pages.

⁹ The following individuals were MPC members for a year or more during the period under review: Adrian Orr, Geoff Bascand, Christian Hawkesby, Yuong Ha, Bob Buckle, Peter Harris, and Caroline Saunders.

From: Hamish Dick <Hamish.Dick@parliament.govt.nz>
Sent: Thursday, 10 July 2025 1:40 pm
To: Cindy Zhu [TSY]; Sam Thornton [TSY]; Ben Gaukrodger [TSY]
Cc: Jean Le Roux [TSY]; Aroha Leighton [TSY]; Roshni Vallabh [TSY]; ^ s9(2)(a)
Subject: RE: TSY BAG: Treasury Report T2025/1665:Independent review of monetary policy: revised terms of reference and list of potential reviewers

Hi again,

In addition to the below:

- The “tick” is next to s9(2)(a) name.
- The Minister has additionally indicated that she would be comfortable with:
 - s9(2)(a)
 - Renee Fry-McKibbin
 - Andrew Haldane

Thanks,

Hamish

From: Hamish Dick
Sent: Thursday, 10 July 2025 9:31 AM
To: Cindy Zhu [TSY] <Cindy.Zhu@treasury.govt.nz>; Sam Thornton [TSY] <Sam.Thornton@treasury.govt.nz>; Ben Gaukrodger [TSY] <Ben.Gaukrodger@treasury.govt.nz>
Cc: Jean Le Roux [TSY] <Jean.LeRoux@treasury.govt.nz>; Aroha Leighton [TSY] <Aroha.Leighton@treasury.govt.nz>; Roshni Vallabh [TSY] <Roshni.Vallabh@treasury.govt.nz>; s9(2)(a)
Subject: RE: TSY BAG: Treasury Report T2025/1665:Independent review of monetary policy: revised terms of reference and list of potential reviewers

Good morning,

Thanks for your patience on this one.

I’ve attached the signed report. A couple of things to note:

- The Minister has agreed to undertake consultation on the Cabinet paper, terms of reference and list of potential reviewers. She has asked that potential reviewers are contacted only after this consultation has taken place.
- I’ll clarify with the Minister whether the tick on page 17 relates to s9(2)(a).
- She hasn’t ticked all that many names. Hopefully this is okay. We can reassess down the line if none of these reviewers are available.
- The Minister has signed the letter to the Chair and the Governor. I note this was seeking feedback by 11 July (i.e., tomorrow). What new date would you like us to put on this letter?

As soon I can get some clarity on the s9(2)(a) question, we’ll circulate the papers for consultation. Ideally, we’ll provide 10 working days for this – does that work for you?

Many thanks,

Hamish

From: Cindy Zhu [TSY] <Cindy.Zhu@treasury.govt.nz>

Sent: Thursday, 26 June 2025 2:03 PM

To: @MOffice [TSY] <MOffice@treasury.govt.nz>

Cc: Jean Le Roux [TSY] <Jean.LeRoux@treasury.govt.nz>; Ben Gaukrodger [TSY]

<Ben.Gaukrodger@treasury.govt.nz>; Hamish Dick <Hamish.Dick@parliament.govt.nz>; Aroha Leighton [TSY]

<Aroha.Leighton@treasury.govt.nz>; Sam Thornton [TSY] <Sam.Thornton@treasury.govt.nz>; Roshni Vallabh [TSY]

<Roshni.Vallabh@treasury.govt.nz>

Subject: TSY BAG: Treasury Report T2025/1665:Independent review of monetary policy: revised terms of reference and list of potential reviewers

[IN-CONFIDENCE]

Kia ora,

Report reference number and title:	Treasury Report T2025/1665:Independent review of monetary policy: revised terms of reference and list of potential reviewers
From Team:	Macroeconomic & Fiscal Policy
For Minister:	Minister of Finance
For Secondee(s):	Hamish Dick
Teams folder:	Daily PDFs

Ngā mihi

Cindy Zhu | Kaiāwhina Kāhui – Team Assistant |

Macroeconomic & Fiscal Policy and Tax Strategy | Te Tai Ōhanga – The Treasury

Email/IM: Cindy.Zhu@treasury.govt.nz

Visit us online at <https://treasury.govt.nz/> and follow us on [Twitter](#), [LinkedIn](#) and [Instagram](#)



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From: Hamish Dick <Hamish.Dick@parliament.govt.nz>
Sent: Thursday, 10 July 2025 3:48 pm
To: Sam Thornton [TSY]
Subject: RE: TSY BAG: Treasury Report T2025/1665:Independent review of monetary policy: revised terms of reference and list of potential reviewers
Attachments: Letter to Chair and Governor (External Review of Monetary Policy).pdf; Draft Terms of Reference (External Review of Monetary Policy).pdf

Super, thanks Sam. We'll send the attached letter and ToR to the Bank today, and the Cabinet paper will go out for consultation either today (time permitting) or tomorrow morning, for 10 working days.

From: Sam Thornton [TSY] <Sam.Thornton@treasury.govt.nz>
Sent: Thursday, 10 July 2025 3:31 PM
To: Hamish Dick <Hamish.Dick@parliament.govt.nz>
Subject: RE: TSY BAG: Treasury Report T2025/1665:Independent review of monetary policy: revised terms of reference and list of potential reviewers

Hi Hamish

For the Minister's consultation letter to the Reserve Bank, I recommend **28 July** as a reasonable deadline for RBNZ to provide comment. That timing will provide the RBNZ Board with an opportunity to consider the terms of reference at their meeting on 24 July.

Regards
Sam

From: Hamish Dick <Hamish.Dick@parliament.govt.nz>
Sent: Thursday, 10 July 2025 2:21 pm
To: Sam Thornton [TSY] <Sam.Thornton@treasury.govt.nz>
Subject: RE: TSY BAG: Treasury Report T2025/1665:Independent review of monetary policy: revised terms of reference and list of potential reviewers

Thanks Sam, and for your records this copy of the report has the additional names ticked.

From: Sam Thornton [TSY] <Sam.Thornton@treasury.govt.nz>
Sent: Thursday, 10 July 2025 1:47 PM
To: Hamish Dick <Hamish.Dick@parliament.govt.nz>
Subject: RE: TSY BAG: Treasury Report T2025/1665:Independent review of monetary policy: revised terms of reference and list of potential reviewers

Excellent, thanks Hamish.

10 working-days consultation with other Ministers/coalition parties is workable.

I'll get back to you asap on the deadline to include in the letter to RBNZ.

Regards
Sam

From: Hamish Dick <Hamish.Dick@parliament.govt.nz>
Sent: Thursday, 10 July 2025 1:40 pm

IN CONFIDENCE

TE TAI ŌHANGA
THE TREASURY
Treasury Report: Independent review of monetary policy: revised terms of reference and list of potential reviewers

Date:	26 June 2025	Report No:	T2025/1665
		File Number:	MC-1-3-2-M120167

Action sought

	Action sought	Deadline
Hon Nicola Willis Minister of Finance	<p>Provide feedback on the draft terms of reference for the independent review of monetary policy.</p> <p>Indicate 5-7 reviewers for each of the New Zealand and international candidate pools that you consider would be suitable to conduct the Review.</p> <p>Consult coalition parties and relevant Ministers on the draft terms of reference and your preferred candidates for reviewer.</p> <p>Consult the Reserve Bank on the draft terms of reference.</p>	At your earliest convenience

Contact for telephone discussion (if required)

Name	Position	Telephone	1st Contact
Sam Thornton	Senior Analyst, Macroeconomic and Fiscal Policy	s9(2)(k)	N/A (mob) ✓
Ben Gaukrodger	Manager, Macroeconomic and Fiscal Policy	s9(2)(g)(ii)	✓

Minister's Office actions (if required)

Return the signed report to Treasury.

Circulate the draft Cabinet paper, draft terms of reference, and list of reviewers for Ministerial and coalition party consultation.

Send the signed letter and draft terms of reference to the Reserve Bank for consultation.

Note any feedback on the quality of the report

Enclosure: Yes (attached)

IN CONFIDENCE**Treasury Report: Independent review of monetary policy: revised terms of reference and list of potential reviewers**

Executive summary

This report seeks decisions on the establishment of an independent review of monetary policy (the Review). In line with your feedback on previous advice [T2025/1230 refers], revised draft terms of reference and a list of potential New Zealand reviewers are attached.

In summary, the key changes are to:

- extend the deadline for the Review's report to March 2026 to support a thorough but prompt review
- appoint a panel of two or three reviewers, including New Zealand candidates, led by an internationally regarded monetary policy expert
- clarify the scope of the terms of reference to explicitly include house price impacts, the effectiveness and costs of the Large Scale Asset Purchase programme (LSAP), and
- take a targeted approach to the Review's assessment of fiscal-monetary coordination that focuses on whether the MPC and the Treasury were effectively sharing information, whether the MPC appropriately calibrated monetary policy to the fiscal stance, and what improvements could be made to the framework and operation of monetary and fiscal policy coordination (but not the Treasury's advice or the Government's decisions),

We recommend you establish the Review in two parts: the main part of the Review under section 194 of the Reserve Bank of New Zealand Act 2021 (the Act), and another part of the review would consider fiscal aspects of fiscal-monetary coordination.

Once you are comfortable with the terms of reference and potential reviewers, the key next steps are to:

- Begin the Cabinet paper process, including coalition party consultation – You may wish to test the draft terms of reference and potential review candidates with your coalition partners before the Treasury begins contacting candidates. A draft Cabinet paper is attached.
- Consult the Reserve Bank – We recommend you write to the Reserve Bank to consult them on the draft terms of reference, as required for a review under section 194 of the Act. A draft letter is attached to this report.
- Begin sounding-out potential reviewers – With your approval, we will begin contacting preferred candidates to test their interest and availability to undertake the Review.

yes.

IN CONFIDENCE**Treasury Report: Independent review of monetary policy: revised terms of reference and list of potential reviewers**

Purpose of report

1. This report seeks decisions on the establishment of an independent review of monetary policy (the Review). In line with your feedback on previous advice, revised draft terms of reference and a list of potential New Zealand reviewers are attached.

Background

2. You have asked for support establishing a review to gain an independent perspective on the performance of monetary policy during the COVID-19 period, and to provide lessons for future periods of instability. In May, the Treasury advised you on the establishment of an independent review of monetary policy, including proposed terms of reference and a list of potential reviewers [T2025/1230 refers].
3. You provided feedback on several matters at the Weekly Agency Meeting on 3 June 2025, including to:
 - extend the timeframe for completing the Review,
 - consider New Zealand reviewers, and
 - broaden the scope of the Review.
4. This advice responds to your feedback and proposes next steps.

Timeframe for the Review

5. You have agreed to extend the timeline for completing the Review, beyond the term of the temporary Reserve Bank Governor, but within this term of Parliament.
6. We recommend setting a March 2026 deadline for the Review's final report. We think the proposed timeframe is sufficiently ambitious to encourage a focussed Review and support a thorough and insightful analysis. It allows a four-month period for the substantive work of the Review and two months for consultation on the draft report. This timeline assumes the scope of the Review recommended in this report. A wider scope may require more time.
7. Completing the Review promptly supports the Reserve Bank's leadership and staff to focus on building confidence in the institution, executing a successful restructure, and looking ahead from the COVID-19 period. It also allows the Treasury to advance further advice to you for decisions in 2026, informed by the Review's findings, including:
 - advice on the financial governance arrangements of additional monetary policy (AMP) tools as part of the Review of the Memorandum of Understanding on the use of AMP tools [T2025/2903 refers], and
 - advice on the role of the Treasury Observer, as required under the National-ACT coalition agreement. We will provide initial advice soon, with further advice later that considers the findings and recommendations of the Review.

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8. A March 2026 deadline coincides with the deadline for the COVID-19 Royal Commission (due 26 February 2026). Given the potential for overlap between the two reviews, we are uncertain how the Royal Commission will react to the independent review of monetary policy. While the decisions made by the Reserve Bank's independent monetary policy committee are out of scope of the COVID-19 Royal Commission, Phase 1 considered fiscal-monetary coordination. The Royal Commission may request the draft report of the Review.
9. A faster review may be possible, and we will test this with the preferred reviewers.

Table 1. Key timeframes for the independent review of monetary policy

Date	Milestone
July-August 2025	Review establishment (roughly 4-6 weeks) including Cabinet process and securing reviewers.
August-December 2025	Substantive Review process underway (4 months).
December 2025	Draft report for consultation with affected parties (2 months).
By March 2026	Report finalised.

Potential reviewers

10. As requested, a list of suitable New Zealand candidates is attached. We identified suitable candidates based on their strong monetary policy expertise, no known conflicts of interest (to be tested further as part of the next stage of the selection process), and who would not create risks to public perceptions of bias. The objectivity of the reviewer supports the credibility and enduring influence of the Review and the participation of key individuals with the Review (e.g., former MPC members).
11. Previous Treasury advice recommended against selecting reviewers with a history of public commentary on New Zealand's COVID-19-period monetary policy response to minimise perceptions that the Review is not objective and free from bias. However, we acknowledge your feedback that New Zealand candidates, including those who have a history of public commentary of the monetary policy response to the pandemic, would bring important perspectives and context, and would promote a challenging and robust review.
12. Given the longer timeframe you have allowed for the Review, we recommend a panel of two or three reviewers to provide a broader range of perspectives, made up of:
- an internationally regarded monetary policy expert to lead the Review (refer attached list of suitable candidates), and
 - one or two other reviewers, including New Zealand candidates who may have previously commented on the New Zealand monetary policy response to the pandemic.
13. We recommend you select several (e.g., 5-7) candidates from each of the international and New Zealand lists that you would be comfortable with so the Treasury can begin sounding-out their interest, availability and fees. If you anticipate significant coalition party interest in the reviewers, we recommend you test some of the candidates with the other coalition parties before the Treasury begins contacting candidates.

IN CONFIDENCEScope of the terms of reference

14. You have asked to broaden the scope of the terms of reference to include house price impacts, the effectiveness and costs of the Large Scale Asset Purchase programme (LSAP) and the Funding for Lending programme (FLP), and fiscal-monetary coordination.
15. Revised draft terms of reference are attached to this report. A summary of your feedback, and straightforward changes we have made, are set out in table 2 below. The Review's coverage of fiscal policy and Government decisions is more complex and further advice is set out below.
16. We recommend that the draft terms of reference are provided to the review panel, once selected, for comment prior to their finalisation.

The Review's coverage of fiscal policy

17. You have asked to broaden the scope of the Review to consider fiscal-monetary coordination, including what occurred, whether it was effective, and recommendations to improve coordination in future. Within this, you have a spectrum of options about the extent to which the Review considers the fiscal policy response to COVID-19.
18. A more targeted approach would be to focus on monetary policy decisions and the monetary-fiscal coordination processes that supported those decisions, but not the Treasury's advice or the Government's decisions. Under this approach the Review would consider whether the MPC and the Reserve Bank:
 - was aware of the fiscal policy response (this will necessarily require the Review to assess the adequacy of the information that was provided to the MPC and the Reserve Bank by the Treasury, including the Treasury Observer),
 - accurately assessed the impact of the fiscal policy response on the economy (the Review will likely need to form its own assessment of the broad impact of the fiscal policy response on the economy and compare it to the Reserve Bank's assessment), and
 - calibrated the monetary response to the fiscal policy response and the impact on the economy.
19. A broader approach is to extend the scope of the Review to assess the fiscal policy response, including the Treasury's forecasts and assessments of the impact of monetary policy on the economy, whether the fiscal response was calibrated to the monetary policy response, and the Government's decision to indemnify the Reserve Bank in respect of any financial losses associated with the LSAP programme.
20. The broader approach would provide the most comprehensive picture of fiscal-monetary coordination. However, it would also:
 - increase the risk of overlaps with the COVID-19 Royal Commission, which could mean two simultaneous reviews into the same matters, and
 - increase the time and cost of the Review. At its most expansive, it could require the reviewer to understand and evaluate both the monetary and fiscal response to the COVID-19 pandemic. This would require more time and potentially a panel of reviewers with a different mix of skills than those proposed.

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21. We recommend a more targeted approach that focuses the Review on “whether the MPC and the Treasury were effectively sharing information, whether the MPC appropriately calibrated monetary policy to the fiscal stance, and what improvements could be made to the framework and operation of monetary and fiscal policy coordination”. We also propose excluding fiscal policy from the Review. This approach limits overlaps with the COVID-19 Royal Commission and ensures the Review is manageable and completed promptly. We note that the Treasury is planning further advice to you that incorporates lessons learned from the COVID-19 experience for fiscal policy and fiscal-monetary coordination.
22. If you would like the Review to take a broader approach to assessing monetary-fiscal coordination, we recommend you set the terms of reference at a high level that allows the reviewers to use their expert judgement and any preliminary findings to consider any aspects of fiscal-monetary coordination they deem appropriate, within the timing of the Review. For example, asking the reviewers to assess “whether there was appropriate monetary and fiscal policy coordination and what improvement could be made to the framework and operation of monetary and fiscal policy coordination”.

Table 2. Changes to the terms of reference in response to your feedback

Your feedback	Changes we have made
<p>The Review must assess what went wrong so lessons can be drawn to improve future monetary policy.</p>	<p>Added an explicit purpose of the Review to “support accountability and public confidence in the operational independence of monetary policy” (clause 9.1). This ensures the Review scrutinises the actions of the MPC and Reserve Bank.</p> <p>Added a section to be explicit that the Review should assess the performance of monetary policy during the period (clause 10.1) and added a section directing the Review to distinguish between aspects of the monetary policy response that could have been better considering what was known and knowable at the time in the circumstances, and aspects that could have been better with the benefit of hindsight. Distinguishing these types of recommendations/findings supports accountability and is intended to further emphasise that the Review should consider “what went wrong”.</p> <p>s9(2)(g)(i)</p>
<p>The Review must assess whether the LSAP and FLP achieved their monetary policy objectives, and whether the tools justified the costs.</p>	<p>Added explicit requirement for the Review to assess the MPC’s and the Reserve Bank’s choices about the use and design of monetary policy tools (clause 12.1), including:</p> <ul style="list-style-type: none"> • whether the stimulus provided by the LSAP justified the risks to the public balance sheet and other costs, and • whether the stimulus provided by the FLP justified the risks to the public balance sheet and other costs. <p>We do not expect the Review will be able to make a definitive quantitative estimate of the effectiveness of the LSAP or FLP (i.e. the extent to which the programmes lowered interest rates) or the indirect fiscal impacts. Instead, the Review will likely be limited to critiquing the Reserve Bank’s existing research and overseas research on comparable programmes. The Treasury is considering a research project to estimate the impact of LSAPs on interest rates and the indirect fiscal impacts.</p>

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<p>The Review must assess fiscal and monetary coordination, including what occurred, whether it was effective, and recommendations to improve coordination in future.</p>	<p>Revised the requirement for the Review to assess fiscal-monetary coordination to include "whether the MPC and the Treasury were effectively sharing information, whether the MPC appropriately calibrated monetary policy to the fiscal stance, and what improvements could be made to the framework and operation of monetary and fiscal policy coordination".</p> <p>Removed the clause excluding the Treasury Observer from the scope of the Review. We previously recommended excluding the Treasury Observer from the Review to manage overlaps with the COVID-19 Royal Commission, and to ensure a targeted review that could be completed quickly (i.e. to avoid the Review considering the fiscal policy response broadly).</p> <p>To keep the Review manageable, we propose to explicitly exclude an assessment of fiscal policy from the Review.</p>
<p>The Review must assess whether the MPC appropriately considered the impact of monetary policy on asset and house prices.</p>	<p>Added that the Review should include "the MPC's consideration of the interaction of monetary policy with fiscal and macroprudential policy, and the impact on asset and house prices".</p>

Type of review

23. We recommend you establish the Review in two parts:
- the main part of the Review under section 194 of the Reserve Bank of New Zealand Act 2021 (the Act). Under section 194, you may review the operations and performance of the Reserve Bank at any time (the MPC being a committee of the Reserve Bank). A review under section 194 requires the Reserve Bank to take all reasonable steps to co-operate with the Review. You are required to consult the Reserve Bank on the purpose and nature of a section 194 review and to consider the submissions made by the Reserve Bank.
 - another part of the Review would consider whether the MPC and the Treasury were effectively sharing information and what improvements could be made to the framework and operation of monetary and fiscal policy coordination. A review of Treasury coordination and policy recommendations about a future framework would fall outside scope of section 194 of the Act. However, you do not need statutory authority to undertake a review of the Treasury or ask a reviewer to make policy recommendations about future frameworks.
24. The main limitation of the above option is that participation would be voluntary for former Treasury staff, including former Treasury observers, and former Reserve Bank staff and MPC members (although it is likely that some individuals will chose to participate and speak to their roles during the relevant time). We do not think non-participation of some former MPC members or Treasury observers would prevent a successful review as the Treasury and the Reserve Bank hold extensive written material. However, interviews with MPC members and Treasury Observers during the period under review would likely be valuable to understanding the MPC's decision-making and the judgements underpinning fiscal policy advice and decisions. We understand from the Reserve Bank that there are no minutes of MPC deliberations other than the publicly available summary record of each MPC decision round.

IN CONFIDENCE

- Similarly, much of the information provided by the Treasury Observer to the MPC, particularly early in the COVID-19 period, was provided verbally only.
25. An alternative option is to establish the Review as a Government inquiry. Government inquiries can be established under the Inquiries Act 2013 for the purpose of inquiring into, and reporting on, any matter of public importance.
- The main advantage is that a Government inquiry would have statutory powers to compel witnesses to participate. It would also be required to act independently of Government and follow the principles of natural justice. Fees for reviewers would be more tightly constrained under application of the Cabinet fees framework.
 - The main risk is that a Government inquiry may be perceived as a more significant intervention, signalling greater Government concern about the conduct of monetary policy, and would come at a time when the Reserve Bank is managing significant leadership and organisational changes. A review under section 194 (with non-statutory aspects), may be perceived as a less significant intervention, on the basis that it is expressly provided for in the Reserve Bank Act, and a similar review has been undertaken in the past (in 2001). There is also a risk that the more rigid procedural requirements of an inquiry could lead to delays in the timely delivery of a report.
26. We can provide further advice on establishing the Review as a Government inquiry if requested.

Funding

27. As previously advised, funding for the Review is available via an expense transfer of \$0.500 million. An in-principle expense transfer was approved during the March Baseline Update. The funding is intended to cover the fees of the reviewers, any additional external analysis required, and independent external legal counsel to support the reviewers. We expect that the baseline funding of \$500,000 available for the Review will be sufficient for a panel of three reviewers to meet the terms of reference and timeframes proposed in this report.

Risks

28. Previous advice noted the three key risks relating to the Review are (i) risks to perceptions of independent monetary policy, (ii) overlaps with the COVID-19 Royal Commission, and (iii) the timeframes for the Review. Your approval to extend the timeframes for the Review manage the third risk. The first two risks remain.
- Initiating a review of the performance of monetary policy risks weakening perceptions of the Reserve Bank's operational independence in formulating and implementing monetary policy. This risk can be managed through careful communications about the purpose of the Review to support effective monetary policy responses to future shocks, that the review is provided for in New Zealand's monetary frameworks (section 194 of the Reserve Bank Act) and that the Review is being undertaken free from bias by impartial and objective monetary policy experts.
 - Overlaps between the Review and the COVID-19 Royal Commission could mean two simultaneous reviews into the same matters. Our recommended terms of reference help to limit this risk.

IN CONFIDENCE**Next steps**

29. The Treasury is available to discuss this report with you at an upcoming Weekly Agency Meeting.
30. Subject to your feedback on this report, the next steps to establish the Review are to:
- **Begin the Cabinet paper process, including coalition party consultation** – We recommend taking a paper to Cabinet to seek agreement to the Review. A draft Cabinet paper is attached. You may wish to test the draft terms of reference and potential review candidates with your coalition partners before the Treasury begins contacting candidates.
 - **Begin sounding-out potential reviewers** – With your approval, we will begin contacting preferred candidates to test their interest and availability to lead the Review. We intend to share the draft terms of reference with the preferred candidates.
 - **Consult the Reserve Bank on the purpose and nature of the Review** – Once you are comfortable with the draft terms of reference, we recommend you write to the Reserve Bank to consult them on the purpose and nature of the Review, as required for a review under section 194 of the Act. A draft letter is attached to this report. While we have engaged with the Reserve Bank in preparing this advice, formal engagement with the Reserve Bank on the terms of reference ensures you meet the requirement to consult the Reserve Bank under section 194 of the Reserve Bank Act.

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Recommended actions

We recommend that you:

- a **agree** to commission a review of monetary policy during the COVID-19 pandemic (the Review), with the main part of the Review conducted under section 194 of the Reserve Bank of New Zealand Act 2021.

Agree/disagree.

- b **agree** to focus the Review on decisions taken by the Monetary Policy Committee (MPC), and analysis provided by the Reserve Bank to support those decisions, during the period 1 January 2020 through 31 December 2022, including preparations prior to 2020 for the event of reaching the effective lower bound on interest rates.

Agree/disagree.

- c **agree** the following matters should be in scope of the Review:

- | | | |
|------|--|-----------------------|
| i. | the information that was provided to the MPC to support their decision-making, including the Reserve Bank's forecasts | <i>Agree/disagree</i> |
| ii. | the MPC's decision-making strategy, processes and treatment of uncertainty, including its processes set out in the MPC Charter | <i>Agree/disagree</i> |
| iii. | the MPC's communications and forward guidance | <i>Agree/disagree</i> |
| iv. | the MPC's and the Reserve Bank's choice and design of policy tools, including whether the stimulus provided by the LSAP and FLP justified the risks to the public balance sheet and other costs | <i>Agree/disagree</i> |
| v. | whether the MPC and the Treasury were effectively sharing information, whether the MPC appropriately calibrated monetary policy to the fiscal stance, and what improvements could be made to the framework and operation of monetary and fiscal policy coordination, and | <i>Agree/disagree</i> |
| vi. | any other matters necessary to meet the purpose of the Review. | <i>Agree/disagree</i> |

- d **agree** the following matters should be out of scope of the Review:

- | | | |
|------|--|-----------------------|
| i. | the Reserve Bank's functions aside from monetary policy other than where they overlap with monetary policy | <i>Agree/disagree</i> |
| ii. | the Reserve Bank Board's monitoring of the performance of the MPC and individual MPC members | <i>Agree/disagree</i> |
| iii. | the fiscal response to the COVID-19 pandemic, and | <i>Agree/disagree</i> |

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iv. the Government's decision to indemnify the Reserve Bank in respect of any financial losses associated with the LSAP programme. Agree/disagree

e **provide feedback** on the draft terms of reference attached to this report.

Yes/no.

f **agree** to select two to three reviewers, with an international reviewer as the chair.

Agree/disagree.

g **indicate** between five and seven candidates for reviewers, for both the international and New Zealand candidates, that you would be comfortable with, as set out in the list attached to this report.

Yes/no.

h **sign and send** the attached letter to the Chair of the Reserve Bank Board and the Governor of the Reserve Bank to consult them on the draft terms of reference, as required under section 194 of the Reserve Bank Act 2021.

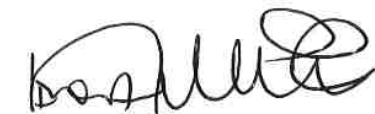
Yes/no.

i **agree**, subject to your feedback, to circulate the draft Cabinet paper, draft terms of reference and list of potential reviewers for consultation with relevant Ministers and coalition parties.

Agree/disagree.

potential reviewers only to be contacted after Ministers consulted

Ben Gaukrodger
Manager, Macroeconomic and Fiscal Policy



Hon Nicola Willis
Minister of Finance

9/7/25

IN CONFIDENCE

Independent review of the monetary policy response to the COVID-19 pandemic**Draft terms of reference**

1. The Minister of Finance is commissioning an independent review of the monetary policy response to the COVID-19 pandemic (the Review) to support accountability and public confidence in the operational independence of monetary policy and inform the ongoing effectiveness of monetary policy.
2. One part of the Review is conducted under section 194 of the Reserve Bank of New Zealand Act 2021 (the Act). The Monetary Policy Committee (MPC) is a committee of the Reserve Bank under section 97 of the Act. As required under section 194, the Minister has consulted the Reserve Bank on the purpose and nature of this Review and has considered the submissions made by the Reserve Bank on the proposed Review.
3. Another part of the Review will consider whether the MPC and the Treasury were effectively sharing information, and what improvements could be made to the framework and operation of monetary and fiscal policy coordination.

Background

4. The Reserve Bank's MPC is required under the Act to formulate monetary policy. The Reserve Bank implements monetary policy formulated by the MPC.
5. During 2020 to 2022, there were significant economic challenges arising from the COVID-19 pandemic. In response, the MPC took unprecedented monetary policy actions. These included reducing the Official Cash Rate (OCR) to 0.25%, providing specific forward guidance about the OCR, and using Additional Monetary Policy (AMP) tools for the first time. The AMP tools used were the Large Scale Asset Purchase (LSAP) programme and the Funding for Lending Programme (FLP).
6. From late 2020 New Zealand's economic recovery was stronger than expected. House prices increased, and from early 2021 consumer price inflation began to rise. From late 2021, the MPC began to increase the OCR in response. Between 2021Q1 and 2023Q1, CPI inflation averaged 5.8%, compared to the midpoint of the MPC's inflation objective of 2.0%. There were also fiscal implications associated with the use of AMP tools. As of the end of April 2025, direct interest rate losses to the Crown from the LSAP programme are estimated to be around \$10.4 billion.
7. In November 2022, the Reserve Bank released its review of the formulation and implementation of monetary policy in the five years ended October 2022, as was required under section 131 of the Act.¹ The Reserve Bank commissioned two external peer reviews of this report.²
8. New Zealand's broader response to COVID-19 is being reviewed by the Royal Commission of Inquiry into Lessons Learned from Aotearoa New Zealand's Response to COVID-19 That Should Be Applied in Preparation for a Future Pandemic (the COVID-19 Royal Commission). Decisions taken by the MPC are out of scope of the COVID-19 Royal Commission and instead will be addressed in this Review.³

¹ <https://www.rbnz.govt.nz/hub/publications/monetary-policy-statement/rafimp>

² <https://www.rbnz.govt.nz/monetary-policy/about-monetary-policy/rafimp/a-summary-of-rafimp>

³ Clause 6(1) of Schedule 2 of the Royal Commission of Inquiry (COVID-19 Lessons) Amendment Order (No 2) 2024.

IN CONFIDENCE**Purpose and nature of the Review**

9. The purpose of the Review is to:
 - 9.1. support accountability and public confidence in the operational independence of monetary policy, and
 - 9.2. improve the ongoing effectiveness of monetary policy.
10. The Review will:
 - 10.1. assess the performance of the monetary policy response to the COVID-19 pandemic against the objectives of monetary policy that applied at the time, having regard to what was known and could reasonably have been known in the circumstances, and relevant decisions made by comparable central banks, and
 - 10.2. make recommendations to improve the monetary policy response to future shocks, including commentary around potential changes to the frameworks, having regard to the benefits of hindsight.
11. The focus of the Review is on decisions by the MPC, and analysis provided by the Reserve Bank to support those decisions, during the period 1 January 2020 through 31 December 2022,⁴ and preparations from 1 April 2020 for the event of reaching the effective lower bound on interest rates.⁵
12. The following matters are in scope of the Review:
 - 12.1. the information that was provided to the MPC to support their decision-making, including the Reserve Bank's forecasts
 - 12.2. the MPC's decision-making strategy, processes and treatment of uncertainty, including its processes set out in the MPC Charter⁶
 - 12.3. the MPC's communications and forward guidance
 - 12.4. the MPC's and the Reserve Bank's choices about the use and design of monetary policy tools, in particular:
 - 12.4.1. whether the stimulus provided by the LSAP justified the risks to the public balance sheet and other costs, and
 - 12.4.2. whether the stimulus provided by the Funding for Lending Programme justified the risks to the public balance sheet and other costs.
 - 12.5. whether the MPC and the Treasury were effectively sharing information, whether the MPC appropriately calibrated monetary policy to the fiscal stance, and what improvements could be made to the framework and operation of monetary and fiscal policy coordination

⁴ The period runs from 1 January 2020, around when COVID-19 began to be recognised as an economic risk, through to the end of 2022, by which time most COVID-19 restrictions had ended and the MPC had responded to elevated inflation.

⁵ The period extends back to the MPC's establishment on 1 April 2019.

⁶ Refer <https://www.rbnz.govt.nz/-/media/project/sites/rbnz/files/monetary-policy/about-monetary-policy/december-2023-monetary-policy-committee-charter.pdf>

I N C O N F I D E N C E

- 12.6. the MPC's consideration of the interaction of monetary policy with fiscal and macroprudential policy, and the impact on asset and house prices, and
- 12.7. any other matters necessary to meet the purpose of the Review.
13. The following matters are out of scope of the Review:
 - 13.1. the Reserve Bank's functions aside from monetary policy. However, areas of overlap between monetary policy and the Reserve Bank's other functions are in scope, such as interactions between monetary policy and macroprudential policy.
 - 13.2. the Reserve Bank Board's monitoring of the performance of the MPC and individual MPC members
 - 13.3. the fiscal response to the COVID-19 pandemic as this was not a decision by the MPC or the Reserve Bank
 - 13.4. the Government's decision to indemnify the Reserve Bank in respect of any financial losses associated with the LSAP programme as this was not a decision by the MPC or the Reserve Bank.
14. The Review will operate as follows:
 - 14.1. The Review is to assess the collective decisions of the MPC as a whole, not individual MPC members.
 - 14.2. The Review will draw on:
 - 14.2.1. written material the MPC considered during the period under review
 - 14.2.2. previous reviews, such as Reserve Bank's 2022 Review and Assessment of the Formulation and Implementation of Monetary Policy⁷
 - 14.2.3. public commentary on monetary policy
 - 14.2.4. interviews with people who were MPC members for a year or more during the period under review,⁸ and
 - 14.2.5. any other information or people the reviewers consider, at their discretion, would help the reviewers make their assessment based on these terms of reference.
 - 14.3. It is not expected that the reviewers will seek public submissions.
15. The reviewers will provide a draft report for comment in December 2025 to the MPC members from the period under review (including those on the MPC for less than a year), the Treasury, and the Reserve Bank. The reviewers will provide a final report in March 2026. The report is to be no longer than 40 pages.

⁷ <https://www.rbnz.govt.nz/monetary-policy/about-monetary-policy/rafimp>

⁸ The following individuals were MPC members for a year or more during the period under review: Adrian Orr, Geoff Bascard, Christian Hawkesby, Yuong Ha, Bob Buckle, Peter Harris, and Caroline Saunders.

IN-CONFIDENCE**List of suitable candidates to conduct a review of the monetary policy response to the COVID-19 pandemic****Criteria and characteristics sought**

1. The Review will be conducted by a panel of 2-3 reviewers. The lead reviewer is intended to be an international economist.
2. The ideal candidates will have the following characteristics:
 - a Monetary policy expertise –
 - a deep knowledge of contemporary monetary policy theory and research
 - a thorough understanding of international best practice monetary policy frameworks and decision-making
 - a track-record of analysing economic information to make monetary policy decisions (e.g., experience serving on a monetary policy committee or similar).
 - b Impartial and objective –
 - was ideally not involved in making similar decisions in other jurisdictions to those made by the Reserve Bank's MPC over the period under review
 - would not create risks to public perceptions of bias
 - has no other potential conflicts or perceptions of conflicts that undermines perceptions of impartiality and objectivity.
 - c Ability to deliver –
 - a track record in delivering similar reviews (e.g., if the reviewer has reviewed a central bank before)
 - available to complete the work in the time available.

Top New Zealand candidates who stand out against the criteria

Person	Qualifying characteristics
✓ Alan Bollard	Governor of the Reserve Bank of New Zealand from 2002 to 2012, including during the Global Financial Crisis, Secretary to the New Zealand Treasury from 1997-2002, Chair of the New Zealand Infrastructure Commission 2019-2024. Currently a Commissioner at the Tertiary Education Commission, amongst other directorships.
David Archer	Former Reserve Bank Assistant Governor, former Head of the Central Banking Studies unit at the Bank for International Settlements. International expert on the governance arrangements and institutional design features of central banks. Mr Archer is a beneficiary of the Reserve Bank staff superannuation and provident fund. There is a potential perception of a conflict given the ongoing dispute between the Reserve Bank and the trustees of the Reserve Bank superannuation fund.

s9(2)(a) and s9(2)(b)(ii)

IN-CONFIDENCE

s9(2)(a) and s9(2)(b)(ii)

Other potential New Zealand candidates

Person	Qualifying characteristics
✓ John Whitehead	Secretary to the Treasury from 2003 to 2011, former executive Director on the Board of the World Bank Group, Commissioner on Phase 1 of the Royal Commission COVID-19 Lessons Learned.
s9(2)(a) and s9(2)(b)(ii)	
s9(2)(a)	
✓ Cameron Bagrie	Chief Economist at ANZ 2006-2011.

Top international candidates who stand out against the criteria

Person	Qualifying characteristics
✓ Kristin Forbes	External Member of the Bank of England MPC (2014-2017), White House Council of Economic Advisors (2003-05), currently a professor at Massachusetts Institute of Technology. Reviewed the Bank of Canada's own COVID-19 review. Was also involved in a 2018 Central Bank of Iceland review.
✓ Carolyn Wilkens	Deputy Governor Bank of Canada 2014-December 2020 (note this period overlaps with the period of the proposed review), and current external member of Bank of England Financial Policy Committee. She was a panellist on the 2023 Reserve Bank of Australia review.
Athanasios Orphanides	Prominent researcher on monetary policy, Governor of Central Bank of Cyprus 2007-2012, and member of Governing council of the European Central Bank 2008-2012. Amongst other roles he is currently involved in Asia school of business, and he has visited New Zealand a few times before.

IN-CONFIDENCE

	Advised on some other central bank reviews (Reserve Bank of Australia 2023, Central Bank of Iceland 2018).
s9(2)(a)	

Further international candidates who appear suitable

Person	Qualifying characteristics
✓ Sheryl Kennedy	Bank of Canada Deputy Governor 1994-2008, currently on boards.
s9(2)(a)	
✓ Renée Fry-McKibbin	Professor of Economics at the Crawford School of Public Policy, Australian National University and a non-executive member of the Reserve Bank of Australia's Monetary Policy Board since 1 March 2025. On the panel of the 2022-23 Reserve Bank of Australia review. Married to Warwick McKibbin who was a reviewer of the Reserve Bank of New Zealand's 2022 review of monetary policy.
Ben Bernanke	Chair of the Federal Reserve Board of Governors 2006-2014. Undertook a review of the Bank of England's forecasting during COVID in 2024 (although this was much more technical than what the review proposed for New Zealand). Keynote speaker at the Reserve Bank of New Zealand's conference on 6-7 March 2025.
✓ Andrew Haldane	Chief economist at the Bank of England and MPC member 2014- 30 June 2021 (note this period overlaps with the period of the proposed review). Now Head of the Royal Society.

Hon Nicola Willis

Minister of Finance
Minister for Economic Growth
Minister for Social Investment



Professor Neil Quigley
Chair, Reserve Bank Board
Neil.Quigley@rbnz.govt.nz

Christian Hawkesby
Governor, Reserve Bank
Christian.Hawkesby@rbnz.govt.nz

Dear Neil and Christian

Re: Consultation on an external review of monetary policy

During the period from 2020 to 2022, there were significant economic challenges caused by the COVID-19 pandemic. In response to these economic challenges, the Monetary Policy Committee (MPC) took unprecedented monetary policy actions.

The Reserve Bank of New Zealand (the Bank) published the Review and Assessment of the Formulation and Implementation of Monetary Policy, which included an assessment of monetary policy performance between 2020 and 2022. Whilst the Bank commissioned independent experts to provide peer review, this review was not independent of the Reserve Bank.

As such, I am considering an external review to provide the Government with an independent perspective on the MPC's performance during 2020 to 2022. This will ensure there is appropriate transparency over the MPC's performance during a period of significant economic challenges, and will help identify lessons for future episodes of instability.

I am considering undertaking the review under section 194 of the Reserve Bank of New Zealand Act 2021. Draft terms of reference for the review are attached. I welcome your views by ~~11 July 2025~~.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Nicola Willis'.

Hon Nicola Willis
Minister of Finance

I N C O N F I D E N C E**In Confidence**

Office of the Minister of Finance

Cabinet Economic Policy Committee

Independent review of monetary policy**Proposal**

- 1 This paper seeks agreement to establish an independent review of the monetary policy response to the COVID-19 pandemic. The purpose of the review is to support accountability and public confidence in the operational independence of monetary policy and to inform the ongoing effectiveness of monetary policy.

Relation to government priorities

- 2 An independent review of the monetary policy response to the COVID-19 pandemic promotes effective monetary policy in future periods of instability. This supports the Government's priority to create a stable and predictable economic environment and builds on actions the Government has already taken to support macroeconomic stability, including passing legislation to return the Reserve Bank to a single focus on price stability, constraining growth in government spending, and reducing costs on business.

Executive Summary

- 3 The COVID-19 pandemic caused significant economic challenges. In response, the Reserve Bank's Monetary Policy Committee (MPC) took unprecedented monetary policy actions including reducing the Official Cash Rate (OCR) to 0.25% and holding it there for 12 months and using Additional Monetary Policy (AMP) tools for the first time. From early 2021, inflation began to rise sharply and was persistently above the MPC's target until the 2024 September quarter. Implementing AMP tools had a significant negative financial impact.
- 4 I propose engaging two to three monetary policy experts to provide an independent perspective on the MPC's performance during 2020 to 2022 and to provide lessons for future periods of instability. I propose the terms of reference focus on decisions by the MPC, and analysis provided by the Reserve Bank to support those decisions.
- 5 I intend the review to be thorough but completed promptly, by March 2026. This approach provides the new permanent Governor with the findings and recommendations of the review to build from. I will update Cabinet on the findings and recommendations of the review prior to publication.

Background

- 6 Over 2020-2022 there were significant economic challenges caused by the COVID-19 pandemic. In response to these economic challenges, the MPC took unprecedented monetary policy actions including reducing the Official Cash Rate (OCR) to 0.25%, holding the OCR at 0.25% for 12 months, and using Additional Monetary Policy (AMP) tools for the first time.

IN CONFIDENCE

- 7 From early 2021, inflation began to rise sharply in New Zealand and was persistently in excess of the MPC's inflation target until the 2024 September quarter. Although the rise in inflation partly reflects supply-side factors (disruptions associated with COVID-19 and Russia's invasion of Ukraine), estimates by the Treasury indicate that the rise in inflation can also be attributed to strong aggregate demand. This outcome was observed in most advanced economies and was in part reflective of a deliberate strategy to minimise the likelihood of worst-case scenarios for the economy, given significant uncertainty about the impacts of COVID-19.
- 8 Implementing AMP tools had a significant financial impact. AMP tools led to significant growth in the Bank's balance sheet: from total assets of \$42.3 billion pre-COVID-19 to \$88.9 billion as at 30 June 2023. This has resulted in significant direct losses (totalling around \$10.4 billion at the end of April 2025) on the Bank's balance sheet arising from the LSAP programme. These losses have been indemnified by the Crown. There will also have been indirect fiscal impacts (e.g. higher tax revenue) as a result of the MPC providing additional monetary stimulus, which may have offset these costs to some extent.
- 9 In 2022 the Reserve Bank published its own review of the formulation and implementation of monetary policy, which included an assessment of monetary policy performance between 2020 and 2022. While the review was peer reviewed by two independent experts, the review itself was not independent of the Reserve Bank.
- 10 New Zealand's broader response to COVID-19 is being reviewed by the Royal Commission of Inquiry into Lessons Learned from Aotearoa New Zealand's Response to COVID-19 That Should Be Applied in Preparation for a Future Pandemic (the COVID-19 Royal Commission). Decisions taken by the MPC are out of scope of the COVID-19 Royal Commission and instead will be addressed in this review.

Objective and form of the review

- 11 I propose that the purpose of the review be to provide an independent perspective on the MPC's performance during 2020 to 2022 and to provide lessons for future periods of instability.
- 12 The review of the Reserve Bank will be conducted under section 194 of the Reserve Bank of New Zealand Act 2021 (the Act). Under section 194 of the Act, as Minister, I may review the operations and performance of the Reserve Bank at any time (the MPC being a committee of the Reserve Bank). A review under section 194 requires the Reserve Bank to take all reasonable steps to co-operate with the review. I am required to consult the Reserve Bank on the purpose and nature of a section 194 review and to consider the submissions made by the Reserve Bank. The review will rely on voluntary participation by former MPC members. It is therefore important to maintain actual, and perceptions of, fairness and impartiality, including through the terms of reference, selection of credible reviewers and the Government's public communications.

Terms of reference

- 13 Proposed draft terms of reference for the review are included as Annex 1 of this report.
- 14 The terms of reference focus on decisions by the MPC, and analysis provided by the Reserve Bank to support those decisions, during the period 1 January 2020 through 31 December 2022, including preparations prior to 2020 for the event of reaching the effective lower bound on interest rates. The review includes:

IN CONFIDENCE

- 14.1 the information that was provided to the MPC to support their decision-making, including the Reserve Bank's forecasts
- 14.2 the MPC's decision-making strategy, processes and treatment of uncertainty, including its processes set out in the MPC Charter
- 14.3 the MPC's communications and forward guidance
- 14.4 the MPC's and the Reserve Bank's choices about the use and design of monetary policy tools, in particular whether the stimulus provided by the LSAP and FLP justified the risks to the public balance sheet and other costs, and
- 14.5 whether the MPC and the Treasury were effectively sharing information, whether the MPC appropriately calibrated monetary policy to the fiscal stance, and what improvements could be made to the framework and operation of monetary and fiscal policy coordination
- 14.6 the MPC's consideration of the interaction of monetary policy with fiscal and macroprudential policy, and the impact on asset and house prices, and
- 14.7 any other matters necessary to meet the purpose of the Review.

Selection of reviewers

- 15 I intend to select two to three monetary policy experts to conduct the review. I will seek an internationally regarded monetary policy expert to lead the review. In practice, suitable candidates are likely to be overseas senior central bankers. I also intend to select New Zealand-based monetary policy experts to make up the panel of reviewers. I will confirm the reviewers in consultation with the Associate Ministers of Finance.

Timeline

- 16 I will report to Cabinet on the findings of the review and the Government's response.
- 17 The table below sets out key milestones for the review.

Milestone	Timeframe
Substantive review process underway	August-December 2025
Draft report	December 2025
Report finalised	March 2026

Cost-of-living Implications

- 18 The independent review of the monetary policy response to the COVID-19 pandemic promotes effective monetary policy and low and stable inflation. Macroeconomic stability – the predictability in variables including real output growth, inflation, and the current account deficit – can support resource allocation choices, investment, and economic growth. In turn, this protects New Zealanders' living standards from the negative effects of economic volatility such as periods of high inflation.

IN CONFIDENCE**Financial Implications**

- 19 The review will be funded from within baselines, subject to approval to an expense transfer through the October Baseline Update. The total cost of the review will depend on the outcome of negotiations with the reviewers but could be up to \$500,000 in total. The funding is intended to cover the fees and expenses of the reviewers, any additional external analysis required, and independent external legal counsel to support the reviewer.
- 20 The Treasury will provide secretariat services to the review within baselines. Additional costs to the Reserve Bank are expected to be managed within its existing funding.

Legislative Implications

- 21 There are no direct legislative implications from the establishment of this review. I will report back to Cabinet on any legislative implications arising from the review.

Use of external Resources

- 22 This paper proposes the selection of two to three monetary policy experts to conduct the review. External-to-government reviewers are necessary to for the review to be seen as impartial and objective.
- 23 Fees paid to the independent reviewers will be included in reporting on the Treasury's use of contractors and consultants.

Consultation

- 24 I have consulted the Reserve Bank on the purpose and nature of the review and have considered the submission made by the Reserve Bank, in line with section 194 of the Reserve Bank Act.
- 25 I do not intend for public consultation to be undertaken as part of review. As the review is relatively technical in nature, I do not expect that public consultation would identify new information not already available from existing public commentary.

Communications

- 26 I intend to announce the review, including the terms of reference and reviewers when finalised.

Proactive Release

- 27 I intend to release this Cabinet paper in part within 30 business days of decisions being confirmed by Cabinet.

Recommendations

The Minister of Finance recommends that the Committee:

- 1 agree to establish an independent review of the monetary policy response to the COVID-19 pandemic, mainly under section 194 of the Reserve Bank of New Zealand Act 2021, to support accountability and public confidence in the operational

I N C O N F I D E N C E

- independence of monetary policy and inform the ongoing effectiveness of monetary policy;
- 2 agree that the terms of reference for the review focus on decisions taken by the Monetary Policy Committee (MPC), and analysis provided by the Reserve Bank to support those decisions, during the period 1 January 2020 through 31 December 2022, including preparations prior to 2020 for the event of reaching the effective lower bound on interest rates, including:
 - 2.1 the information that was provided to the MPC to support their decision-making, including the Reserve Bank's forecasts
 - 2.2 the MPC's decision-making strategy, processes and treatment of uncertainty, including its processes set out in the MPC Charter
 - 2.3 the MPC's communications and forward guidance
 - 2.4 the MPC's and the Reserve Bank's choices about the use and design of monetary policy tools, in particular whether the stimulus provided by the LSAP and FLP justified the risks to the public balance sheet and other costs
 - 2.5 whether the MPC and the Treasury were effectively sharing information, whether the MPC appropriately calibrated monetary policy to the fiscal stance, and what improvements could be made to the framework and operation of monetary and fiscal policy coordination
 - 2.6 the MPC's consideration of the interaction of monetary policy with fiscal and macroprudential policy, and the impact on asset and house prices, and
 - 2.7 any other matters necessary to meet the purpose of the Review;
 - 3 authorise the Minister of Finance, in consultation with the Associate Ministers of Finance, to make changes to the terms of reference, including the scope of the review and the deadline for the final review report, in line with the policy intent of the review as set out in this paper;
 - 4 authorise the Minister of Finance, in consultation with the Associate Ministers of Finance, to approve the selection of two to three monetary policy experts to conduct the review;
 - 5 invite the Minister of Finance to report to Cabinet on the findings and recommendations of the review.

Hon Nicola Willis

Minister of Finance

From: Hamish Dick <Hamish.Dick@parliament.govt.nz>
Sent: Thursday, 17 July 2025 5:04 pm
To: Sam Thornton [TSY]
Cc: Bryan McDaniel [TSY]; Alex Hamilton [TSY]
Subject: RE: Talking points on the independent review

Thanks Sam – this is helpful.

From: Sam Thornton [TSY] <Sam.Thornton@treasury.govt.nz>
Sent: Thursday, 17 July 2025 4:35 PM
To: Hamish Dick <Hamish.Dick@parliament.govt.nz>
Cc: Bryan McDaniel [TSY] <Bryan.McDaniel@treasury.govt.nz>; Alex Hamilton [TSY] <alex.hamilton@treasury.govt.nz>
Subject: Talking points on the independent review

[IN-CONFIDENCE]

Hi Hamish

Please see below talking points / lines for the Minister if asked about the independent review of monetary policy.

- I am considering an independent review of monetary policy during the COVID-19 period.
- I am currently consulting my Ministerial colleagues and the Reserve Bank on the terms of reference. I will have more details to share once Cabinet has had an opportunity to consider the matter.
- *[If asked why the Government is considering an independent review of monetary policy]* Inflation was persistently above the midpoint of the MPC's inflation objective of 2%. An independent review will help to understand why and how to improve future monetary policy. It will also support accountability and public confidence in the operational independence of monetary policy.
- *[If asked about overlaps with the COVID-19 Royal Commission]* Decisions taken by the MPC are out of scope of the COVID-19 Royal Commission.
- *[If asked about the Reserve Bank's 2022 Review]* In 2022 the Reserve Bank published its own review of monetary policy. While the review was peer reviewed by two independent experts, the review itself was not independent of the Reserve Bank.

Regards
 Sam

Sam Thornton | Te Tai Ōhanga The Treasury

Macroeconomic and Fiscal Policy, Senior Analyst
 Budget and Fiscal Strategy

tau waea phone: s9(2)(k) | waea pūkoro mobile: s9(2)(g)(ii) | imēra email: sam.thornton@treasury.govt.nz
treasury.govt.nz | [LinkedIn](#) | [Youtube](#)



I work irregular hours:

Mon	Tue	Wed	Thu	Fri
7.30-2	8.30-5	7.30-2	8.30-5	9-3.30 or not working (alternating fortnightly)

From: Hamish Dick <Hamish.Dick@parliament.govt.nz>
Sent: Monday, 28 July 2025 9:57 am
To: Sam Thornton [TSY]
Cc: ^Parliament: Yi Jin
Subject: RE: Consultation on an external review of monetary policy

Thanks Sam – that’s correct. EXP on 12 August is the only meeting she won’t be able to attend. So the decision is whether:

- MoF wants to take the paper to CBC before she goes, or
- MoF is happy for Hon Bishop to take the paper to EXP on her behalf on 12 August, or
- If she doesn’t like any of those two options, approve for lodgement for ECO on 20 August (I don’t see any reason the paper would need to go to CBC on 25 August).

Cheers,

Hamish

From: Sam Thornton [TSY] <Sam.Thornton@treasury.govt.nz>
Sent: Monday, 28 July 2025 9:47 AM
To: Hamish Dick <Hamish.Dick@parliament.govt.nz>
Cc: Yi Jin <Yi.Jin@parliament.govt.nz>
Subject: RE: Consultation on an external review of monetary policy

Thanks Hamish.

Can you please let me know whether MoF will be available to attend any of the following Cabinet committee meetings in August?

I understand from the International team that MoF will be away 11-15 Aug (plus travel time either side of these date), so 12 August is probably the only one she’ll be unable to attend.

*4 August – CBC (noting CBC meets only
on a strictly if required basis)*

12 August – EXP

20 August – ECO

25 August – CBC

Sam

From: Hamish Dick <Hamish.Dick@parliament.govt.nz>
Sent: Monday, 28 July 2025 9:22 am
To: Sam Thornton [TSY] <Sam.Thornton@treasury.govt.nz>
Cc: Neil Kidd [TSY] <Neil.Kidd@treasury.govt.nz>; Alex Hamilton [TSY] <alex.hamilton@treasury.govt.nz>;
^Parliament: Yi Jin <yi.jin@parliament.govt.nz>
Subject: RE: Consultation on an external review of monetary policy

Thanks Sam. No need for a letter back, sufficient to just cover the points in the paper.

Cheers,

Hamish

From: Sam Thornton [TSY] <Sam.Thornton@treasury.govt.nz>
Sent: Monday, 28 July 2025 8:12 AM
To: Hamish Dick <Hamish.Dick@parliament.govt.nz>
Cc: Neil Kidd [TSY] <Neil.Kidd@treasury.govt.nz>; Alex Hamilton [TSY] <alex.hamilton@treasury.govt.nz>; Yi Jin <Yi.Jin@parliament.govt.nz>
Subject: RE: Consultation on an external review of monetary policy

[IN-CONFIDENCE]

Thanks Hamish.

Yes, this is in line with what was expected. On the two points:

- We agree there are benefits to stability in the objectives of monetary policy. However, the Minister can consider the timing of any changes to the monetary policy remit once she receives the review's findings and recommendations.
- We agree section 12.4 should be amended to support a broad consideration of the costs and benefits of LSAP and FLP.

Do you think the Minister will want to reply to the letter? We can attach a response to the TR that comes across tomorrow. Alternatively, we can keep the RBNZ informed about MoF's decisions, and the TR and Cabinet paper will be the official record of the Minister's decisions in response to the RBNZ's feedback.

Cheers
Sam

Sam Thornton | Te Tai Ōhanga The Treasury

Macroeconomic and Fiscal Policy, Senior Analyst
Budget and Fiscal Strategy

tau waea phone: s9(2)(k) | waea pūkoro mobile: s9(2)(g)(ii) | imēra email: sam.thornton@treasury.govt.nz
treasury.govt.nz | LinkedIn | Youtube



I work irregular hours:

Mon	Tue	Wed	Thu	Fri
7.30-2	8.30-5	7.30-2	8.30-5	9-3.30 or not working (alternating fortnightly)

From: Hamish Dick <Hamish.Dick@parliament.govt.nz>
Sent: Friday, 25 July 2025 10:39 am
To: Sam Thornton [TSY] <Sam.Thornton@treasury.govt.nz>
Cc: Neil Kidd [TSY] <Neil.Kidd@treasury.govt.nz>; Ben Gaukrodger [TSY] <Ben.Gaukrodger@treasury.govt.nz>
Subject: RE: Consultation on an external review of monetary policy

Good morning,

We've now received the attached letter from the Reserve Bank.

I trust this is in line with what was expected!

We look forward to receiving the final Cabinet paper and covering Treasury Report early next week.

Cheers,

Hamish



Hamish Dick
Private Secretary – Finance
Office of Hon Nicola Willis
Minister of Finance

Level 7.2 Executive Wing, Parliament Buildings, PO Box 18041, Wellington 6160, New Zealand

M: s9(2)(a)(ii)

E: hamish.dick@parliament.govt.nz

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From: Hamish Dick <Hamish.Dick@parliament.govt.nz>
Sent: Monday, 4 August 2025 9:35 am
To: Cindy Zhu [TSY]; Sam Thornton [TSY]; ^Parliament: Yi Jin
Cc: ^Parliament: Yi Jin; Aroha Leighton [TSY]; Alex Hamilton [TSY]; Andrew Rutledge [TSY]; s9(2)(a)
Subject: RE: TSY BAG: Treasury Report T2025/1908:Independent review of monetary policy: Update on consultation and next steps
Attachments: (Signed) T2025-1908 Treasury Report - Independent Review of Monetary Policy - Update on Consultation and Next Steps.pdf

Good morning,

Many thanks for this report. The MoF would like to lead the discussion at Cabinet committee and, to that end, has approved the attached paper for lodgement for the **ECO meeting of 20 August**.

Sam and Yi – I'll be out of the office by that point, so I'll leave the lodgement in your hands.

Much appreciated,

Hamish

From: Cindy Zhu [TSY] <Cindy.Zhu@treasury.govt.nz>
Sent: Tuesday, 29 July 2025 2:57 PM
To: @MOffice [TSY] <MOffice@treasury.govt.nz>
Cc: Yi Jin <Yi.Jin@parliament.govt.nz>; Aroha Leighton [TSY] <Aroha.Leighton@treasury.govt.nz>; Alex Hamilton [TSY] <alex.hamilton@treasury.govt.nz>; Andrew Rutledge [TSY] <Andrew.Rutledge@treasury.govt.nz>; Sam Thornton [TSY] <Sam.Thornton@treasury.govt.nz>; Hamish Dick <Hamish.Dick@parliament.govt.nz>
Subject: TSY BAG: Treasury Report T2025/1908:Independent review of monetary policy: Update on consultation and next steps

[IN-CONFIDENCE]

Kia ora,

Report reference number and title:	Treasury Report T2025/1908:Independent review of monetary policy: Update on consultation and next steps
From Team:	Macroeconomic & Fiscal Policy
For Minister:	Minister of Finance
For Seconded(s):	Yi Jin Hamish Dick
Teams folder:	Daily PDFs

Ngā mihi

Cindy Zhu | Te Tai Ōhanga – The Treasury
Macroeconomic & Fiscal Policy and Tax Strategy – Team Assistant

Extracts of Teams Chat Between Sam Thornton [Treasury] and Yi Jin [Minister of Finance's Office]

Monday, 4 August 2025

4/08/2025 9:01 am

Good morning Yi. I hope you had a good weekend. Do you have 5 mins for a brief chat about the independent review of monetary policy this morning?

Yi Jin 4/08/2025 9:31 am

YJ sure - Hamish and I can jump on a call at 10am. thanks, Yi

Tuesday, 9 September 2025

9/09/2025 9:13 am

Morning Yi. Do you have any time today for a 5-10 minute chat? I'm keen to update you on the independent review and next steps.

As Ben mentioned last week, we plan to put a TR to the Minister on Thursday seeking agreement to the two reviewers, plus agreement to sign & send consultation letters to the AMOFs.

As we're keen to finalise the reviewers as soon as possible, I'm keen to talk through any thoughts you might have on:

1. How long it might take to consult the AMOFs (ie, what deadline should put in the letters)?
2. What information you think will be of most interest to the AMOFs (I have ideas to test with you)?
3. Whether there is anything we can do in advance of the MoF sending the letters (eg, could I draft you a 'heads-up' email to send to your counterparts in the AMOF offices to let them know the letter might be coming soon and some initial information on the candidates).

Cheers

Wednesday, 10 September 2025

Yi Jin 10/09/2025 4:15 pm

YJ Hey Sam - it turns out that we do have a meeting with MoF this week. I can flag the independent review with her tomorrow



would you mind sending me a couple of bullets with key points



Thursday, 11 September 2025

11/09/2025 8:43 am

Awesome! When do you need it by?

Yi Jin 11/09/2025 8:59 am

YJ Like 10 if possible - just teams is fine 😊



11/09/2025 9:51 am

CONTEXT

- In August Cabinet authorised you, in consultation with the Associate Ministers of Finance, to approve the selection of two reviewers to run the independent review of monetary policy.

UPDATE - ADVICE COMING TODAY ON PROPOSED REVIEWERS

- The Treasury will brief you today on the two recommended reviewers.
- Treasury recommends Kristin Forbes to lead the review. Ms Forbes is an internationally regarded monetary policy expert. She is:
 - a professor of global economics and management at Massachusetts Institute of Technology,
 - A former external member of the Bank of England's monetary policy committee (2014-2017)
 - has published numerous papers on the monetary policy, including the response to COVID-19 (Ms Forbes' publications have included recommendations to improve the future monetary policy response to shocks, such as improvements to inflation forecasting, the treatment of supply shocks, analysis of the impact of fiscal policy, and symmetry in central bank responses to high and low inflation).
- Treasury recommends Alan Bollard as the New Zealand-reviewer. Mr Bollard is a strong and credible candidate with a significant breadth of experience, including roles as
 - Secretary to the Treasury (1997-2002) and
 - Reserve Bank Governor (2002-2012), which included the response to the Global Financial Crisis.

NEXT STEPS

- Treasury is seeking confirmation of the reviewers relatively quickly. If Ms Forbes is unable to begin the review by the end of September, she may withdraw her interest.
 - Ms Forbes intends to undertake most of the work on the review starting immediately and over October and November. She has significantly less availability in early 2026 due to teaching commitments.
- Treasury's will put up a briefing to you today requesting that you sign and send consultation letters to the Associate Ministers of Finance by 16 September 2025, and seek feedback from the Associate Ministers of Finance by 22 September 2025 (five working days).
- Treasury can also arrange a meeting for you with the proposed reviewers if you wish.

Monday, 22 September 2025

Yi Jin 22/09/2025 10:18 am



Hi Sam- do you want me to remove the second paragraph in the Banking Matters agenda?

IN-CONFIDENCE

Description	Action
There is a need to revisit decisions on appointments to the independent review of monetary policy.	Discuss the review.
Consultation with Associate Finance Ministers has raised concerns with Dr Bollard's appointment, due to a potential conflict of interest.	
Further, constraints on the availability of Professor Forbes will make it challenging to pair her with a New Zealand-based reviewer.	

Edited

also, if that report can come to me as early as possible (1pm?) that would be appreciated. MoF is jumping on a plane in the arvo so there's an earlier deadline.



22/09/2025 10:28 am

Yes please

Good catch

I'll aim for before 1pm.

Tuesday, 23 September 2025

23/09/2025 4:51 pm

Hi Yi. Do you know if MoF plans to announce the independent review tomorrow as part of the new governor announcements? I assume not, but I thought I better double check.

Wednesday, 24 September 2025

Yi Jin 24/09/2025 9:26 am

YJ she isnt 😊
she wont 😊
👍 🗑️

Wednesday, 8 October 2025

8/10/2025 12:17 pm

Hi Yi. Are you available for a quick call today? Cheers

8/10/2025 2:08 pm

Independent review of monetary policy – update on reviewer appointments

The alternative lead reviewer for the independent review of monetary policy, Sheryl Kennedy, has withdrawn. Ms Kennedy cited concerns about the implications of the review of the incoming Governor.

Background

In August 2025 Cabinet agreed to the terms of reference for the review and authorised you, in consultation with the Associate Ministers of Finance, to approve the selection of two monetary policy experts to conduct the review [ECO-25-MIN-0127 refers]. The Cabinet paper noted your intention to appoint an international monetary policy expert to lead the review, with support from a New Zealand-based reviewer.

You recently approved the selection of Professor Kristin Forbes and Dr Alan Bollard to jointly conduct the independent review of monetary policy [2025/2389]. You also wrote to the Associate Ministers of Finance (Hon Seymour, Jones, and Bishop) to consult them on the selection of Professor Forbes and Dr Bollard.

On 22 September we advised that the proposed lead reviewer for the independent review of monetary policy, Professor Kristin Forbes, was unable to proceed in the role due to timing and availability constraints. You advised us that Dr Alan Bollard would not proceed as a reviewer due to concerns raised in consultation with the Associate Ministers of Finance regarding conflicts of interest with Dr Bollard's role as a director of the China Construction Bank.

We recommended proceeding with Ms Kennedy as the lead reviewer and to report back to you on options for the New Zealand candidate to pair her with. You previously approved Ms Kennedy as a suitable alternate lead reviewer [T2025/2389].

Ms Kennedy has withdrawn

Ms Kennedy has withdrawn her interest in the role of lead reviewer. Ms Kennedy cited concerns that in the context of an incoming Governor from outside New Zealand, undertaking such a review at this time risks running counter to the need to support the new Governor to get established and possibly chart some new directions. We sought to give Ms Kennedy assurances that the Government is seeking to support public confidence in monetary policy independence through the review, with a focus on learning lessons. We also inquired whether the incoming Governor's views would change Ms Kennedy's mind.

Next steps

The Treasury is making enquires with other potential candidates for the review and we will regularly update your office on progress. Once we have confirmed interest from suitable candidates, we will brief you to seek approval to consult the Associate Ministers of Finance. In line with your verbal approval at our meeting with you on 24 September, we will explore whether deferred timing for the review would support candidates' interest (eg, deferring the final report to June 2026).

Wednesday, 19 November 2025

19/11/2025 8:42 am

Hi Yi. We are thinking about contacting Anna Breman soon to test her views on the candidates for the independent review and the terms of reference. The idea is to help make sure the review is seen by Anna as a complement to whatever changes she might be considering to make to how the RBNZ operates. Do you have any initial reactions to that idea?

Yi Jin 19/11/2025 9:11 am

YJ

Hi Sam - can I please check when MoF will get a report on the Review? I think MoF will need time to think about the candidates first given steer from that meeting a fortnight ago.

19/11/2025 9:12 am

TR to come next week. The Tsy evaluation panel is meeting on Friday to confirm our recommendations.

Tuesday, 2 December 2025

Yi Jin 2/12/2025 1:01 pm Edited

YJ

Hi Sam -how does the below look for my cover note to support MoF tomorrow

"In addition to your priorities for the year ahead, the TSY recommends that you use your 1:1 with the Governor to highlight the progress on the independent review of monetary policy, and how she sees the review complementing her wider plans for monetary policy.

- As background, following your feedback on the selection of Athanasios Orphanides and Anella Munro as the two reviewers, TSY are working on an update to you on alternative options to Dr Anella Munro. "

(sorry i am qa'ing as i go lol)

2/12/2025 1:04 pm

Thanks. Let me just get me thoughts straight and I'll come back to you in 10mins.



2/12/2025 1:35 pm

Hi. Please let me know when you're free for a call.

Wednesday, 3 December 2025

3/12/2025 12:48 pm

Hi Yi. During Dr Munro's time at the RBNZ, a Senior Advisor was broadly equivalent to a senior Treasury Principal Advisor or Strategic Advisor. When Dr Munro was at the Bank, Senior Advisors were a select group promoted from the Advisor cohort outside the management line. There would generally be 1-2 Senior Advisors in each department.



Thursday, 22 January

Yi Jin 22/01 4:15 pm
Hi Sam - are you available for a quick chat?
re informing coalition partners of the proposed candidates for the independent review

22/01 4:39 pm
Hi. Quick Q: Is the draft email meant to be from you or the MoF?

Yi Jin 22/01 4:39 pm
from me
to other ministerial offices
and i think we should make clear that there is a risk of losing david archer, so any objections need to come by Monday
what will happen is each private sec will pop it in the relevant Minister's weekend bag as high priority / inform their political advisors
i can make that clear to my peers

22/01 4:43 pm
Yi Jin 22/01/2026 4:41 pm
and i think we should make clear that there is a risk of losing david archer, so any objections need to come by Monday
s9(2)(g)(i) I can draft something anyway for you to see

Yi Jin 22/01 4:44 pm
hmm ok - good plan. lets not give a deadline
thanks for all your help

22/01 4:45 pm
Dear [names]
Selection of reviewers to conduct an independent review of monetary policy
I am writing to inform you of the Minister of Finance's decision to select Athanasios Orphanides and David Archer to conduct an independent review of monetary policy during the COVID-19 period.
In August 2025 Cabinet agreed to establish an independent review of monetary policy to support accountability and public confidence in the operational independence of monetary policy, and to inform the ongoing effectiveness of monetary policy [ECO-25-MIN-0127 refers]. The Cabinet paper noted that the review is to be led by two monetary policy experts: one international candidate and one New Zealand candidate.
I can now confirm that the Minister has selected the following reviewers:

- Athanasios Orphanides as the international reviewer.** Dr Orphanides is currently a professor at the Massachusetts Institute of Technology (MIT) and was Governor of the Central Bank of Cyprus from 2007 to 2012. He was also a member of the Governing Council of the European Central Bank, responsible for formulating monetary policy for the euro area, between 2008 and 2012. He previously worked as a senior adviser to the US Federal Reserve Board of Governors and holds a PhD in economics from MIT. Dr Orphanides has reviewed monetary policy in other jurisdictions, including South Africa, the euro area, and Australia.
- David Archer as the New Zealand reviewer.** Mr Archer is an expert on the governance arrangements and institutional design features of central banks. He is a former Reserve Bank assistant governor (until 2004), including responsibility for monetary policy analysis and advice, forecasting, and research and as a member of the non-statutory monetary policy committee. More recently, he served as Head of the Central Banking Studies Unit at the Bank for International Settlements (until 2022). Mr Archer has a deep knowledge of central bank institutional design which would complement Dr Orphanides' experience as a monetary policy decision-maker.

The deadline for the review's final report is to be confirmed, but the Minister's intention is that it will be complete in mid-2026.
Yours sincerely
^Is that ok? Do you want me to email it to you?

Yi Jin 22/01 4:46 pm Edited
thank you very much - this looks good. I will forward it to Bishop, Seymour, and Jones' offices

Tuesday, 27 January

Yi Jin 27/01 11:45 am

YJ

Hey Sam - just checking that you're comfortable with the text i sent through re the independent review? If you're comfortable I will flick it to OSEC 😊

27/01 11:47 am

Yes, I am happy with your original text (ie, "inform" and "decision").

Yi Jin 27/01 11:47 am

YJ

perf

27/01 11:48 am

When do you think you'll have your secondee meeting with MoF this week? I just want to make sure I give you an update on the independent review before that meeting.

Yi Jin 27/01 11:49 am

YJ

Thursday 😊 I was planning to annoy you about it tomorrow afternoon!

27/01 11:49 am

Perfect!

Tuesday, 3 February

3/02 12:38 pm

Hi. Would you like to see a draft of the TR on the independent review? I'm aiming to have it signed out later this afternoon.

Yi Jin 3/02 1:03 pm

YJ

send it through! but i may not have time to flick through before it is signed out



3/02 1:04 pm

I'll send you the draft now.

Is it a problem if the final is signed-out tonight and sent you to first thing tomorrow?

Yi Jin 3/02 1:04 pm

YJ

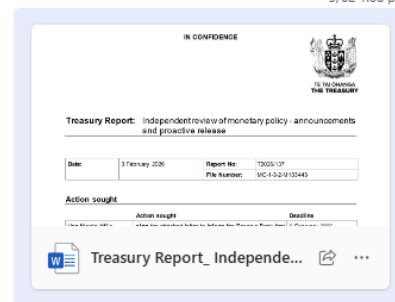
first thing tomorrow is fine



we just wont get the press release out the door this week



3/02 1:06 pm



3/02 3:09 pm

Here's a shorter version, in case helpful.

The Government has commissioned two experts to provide an independent perspective on monetary policy during 2020 to 2022, Finance Minister Nicola Willis says.

"Independent monetary policy is a central pillar of New Zealand's economy. The COVID-19 period saw significant economic challenges and unprecedented monetary policy actions. It is important to learn from experience to strengthen trust, performance and effectiveness. A strong monetary policy framework is one that is independent, accountable and builds on experience.

Independent reviews of monetary policy are standard and routine in other countries. The review is provided for in New Zealand's legislative monetary frameworks (section 194 of the Reserve Bank of New Zealand Act 2021). Athanasios Orphanides and David Archer are undertaking the review. Dr Orphanides is a professor at the Massachusetts Institute of Technology and a former Governor of the Central Bank of Cyprus. Mr Archer is a former Reserve Bank Assistant Governor and former head of the Central Banking Studies Unit at the Bank for International Settlements. Mr Archer has disclosed that he is a member of the Reserve Bank Superannuation and Provident Fund Scheme but that no conflict of interest arises in respect of his role as reviewer.

The review is expected to be completed in August 2026 and publicly released in September 2026.

Yi Jin 3/02 3:10 pm

thanks!

ill try catch him in person

i.e the bit about conflicts of interest

i dont think we normally disclose in the PR for appointments

3/02 3:12 pm

Fair enough. The bit about COIs is something we suggested in the 15 December TR but it's fine if MoF prefers not to front foot it in the PR.

Yi Jin 3/02 3:12 pm

lets let them figure it out - thank you v much!

Thursday, 3 February

Yi Jin 5/02 10:16 am Edited

the press sec asked if in the press release we could call it the 'RB's response during covid 19' instead of calling it 'the review of monetary policy during covid '

now i dont really see an issue with this, but recognise that the RB's mandate is wider than monetary policy

Edited

so long as monetary policy is clarified in the body of the text then i dont see a big issue

i edited my message as i realised it made no sense! sorry

5/02 10:24 am

I was half reading it during a meeting 😊 and I was a bit unsure

Let me get back to you

Yi Jin 5/02 10:38 am

ill just flick you the press release once i get it

and we can tweak it 😊

5/02 10:39 am

Sounds good. I agree with you. As you say, the RB's mandate is wider than monetary policy, but the review is focussed on monetary policy (that is, the review doesn't cover the RBNZ's financial stability actions or changes to macro-prudential regulation etc). Including "monetary policy" in the title is clearer and lowers the risk of misinterpretation about the scope of the review, but that can also be managed through clear messages in the body of the PR

From: Yi Jin <Yi.Jin@parliament.govt.nz>
Sent: Monday, 11 August 2025 9:18 am
To: Sam Thornton [TSY]
Subject: RE: TSY BAG: Treasury Report T2025/1908:Independent review of monetary policy: Update on consultation and next steps

Hi Sam,
Yes, I tumbled across the ditch for the weekend! Please can TSY lodge?
Please can talking points be provided as well? End of this week is ok.
Best, Yi

From: Sam Thornton [TSY] <Sam.Thornton@treasury.govt.nz>
Sent: Monday, 11 August 2025 8:20 AM
To: Yi Jin <Yi.Jin@parliament.govt.nz>
Subject: RE: TSY BAG: Treasury Report T2025/1908:Independent review of monetary policy: Update on consultation and next steps

Kia ora Yi

I hope you had a great weekend.

MoF has agreed to take a paper to ECO on 20 Aug on the independent review of monetary policy. The paper is due to be lodged at 10am this Thursday, 14 Aug.

Would you like me to upload the paper to CabNet, or will you do it yourself?

Also, will MoF want talking points?

Thanks
Sam

From: Sam Thornton [TSY]
Sent: Monday, 4 August 2025 11:54 am
To: yi.jin@parliament.govt.nz
Subject: RE: TSY BAG: Treasury Report T2025/1908:Independent review of monetary policy: Update on consultation and next steps

Hi Yi

Thank you.

Two questions:

1. Cabinet paper lodgement: Shall I upload the Cabinet paper to CabNet on Wednesday, giving you a week to review and approve before the Cabinet Office deadline of 10am Thursday 14 August?
2. Talking points for Cabinet: Would the Minister like talking points to support her at Cabinet? Please let me know the deadline and any tips on the Minister's preferences around content and style.

Sam

From: ^Parliament: Yi Jin
Sent: Friday, 15 August 2025 11:13 am
To: Sam Thornton [TSY]; ^ s9(2)(a)
Subject: FW: ECO 20 Aug: Speaking points and Q&A on the independent review of monetary policy
Attachments: Cabinet talking points - Independent review of monetary policy - August 2025(5165605.1).docx

Hi Sam,

Thanks for providing them. s9(2)(a) s discussed 😊

Best, Yi

From: Sam Thornton [TSY] <Sam.Thornton@treasury.govt.nz>
Sent: Friday, 15 August 2025 10:16 AM
To: Yi Jin <Yi.Jin@parliament.govt.nz>
Subject: ECO 20 Aug: Speaking points and Q&A on the independent review of monetary policy

[IN-CONFIDENCE]

Hi Yi

To support MoF at ECO on Wednesday next week, please find attached speaking points and Q&A on the independent review.

Let me know if you have any comments, e.g. on style or formatting, or questions.

Have a good weekend.

Sam

Sam Thornton | Te Tai Ōhanga The Treasury

Macroeconomic and Fiscal Policy, Senior Analyst
Budget and Fiscal Strategy

tau waea phone: s9(2)(k) | waea pūkoro mobile: s9(2)(g)(ii) | imēra email: sam.thornton@treasury.govt.nz
treasury.govt.nz | LinkedIn | Youtube



I work irregular hours:

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IN-CONFIDENCE**Speaking notes for Cabinet committee: Independent review of monetary policy**

Economic Policy Committee, 20 August 2025

Speaking notes

- I propose an independent review into the performance of monetary policy during the COVID-19 period from 2020 through 2022.
- The period saw significant economic challenges and unprecedented monetary policy actions by the Reserve Bank, including New Zealand's first use of quantitative easing. From mid-2021 inflation was persistently above the target band.
- It is important that we look back and learn from the COVID-period experience to strengthen future monetary policy responses. This will also support public accountability and confidence in the operational independence of monetary policy.
- The Reserve Bank Act explicitly provides for the Minister of Finance to review the operations and performance of the Reserve Bank at any time. This complements the Reserve Bank's own five-yearly reviews of monetary policy.
- The proposed terms of reference focus on decisions by the Monetary Policy Committee over three years from 2020, as well as analysis provided by the Reserve Bank to support those decisions. It includes an assessment of the use of the Large Scale Asset Purchase (LSAP) programme, and the coordination of fiscal and monetary policy.
- Two experts will conduct the review: one internationally regarded monetary policy expert and one highly regarded New Zealand expert. The Treasury is currently testing interest with several suitable candidates. I will confirm the selection of reviewers shortly, in consultation with the Associate Ministers of Finance.
- I intend to have the review complete within this term of Parliament, and I am targeting March 2026.
- I will report to Cabinet on the findings and recommendations of the review and the proposed Government response.
- I intend to announce the review, terms of reference and reviewers as soon as possible.

IN-CONFIDENCE***Background questions and answers***

1. *Will the review create perceptions the Government is undermining the operational independence of monetary policy?*
 - The Reserve Bank of New Zealand Act deliberately provides for Minister-initiated reviews of the Reserve Bank's operations and performance. Such reviews support accountability and public confidence in the operational independence of monetary policy and inform the ongoing effectiveness of monetary policy. A review of the 2020–2022 period is appropriate given the unprecedented monetary policy response to the COVID-19 pandemic.
 - External reviews of monetary policy performance are common in other advanced economies, including:
 - the review of the Central Bank of Iceland (2023)
 - the review of the Reserve Bank of Australia (2023)
 - the review of the Bank of England's forecasting and related processes led by Ben Bernanke (2024)
 - the review of the central bank of Sweden (Riksbank) currently underway.

2. *Is now the right time for this review given significant organisational change at the Reserve Bank?*
 - Delaying the review would further extend the passage of time since the events under review.
 - Completing the review soon will allow the incoming permanent Governor and the Reserve Bank to build on the lessons learned from the COVID-19 period.

3. *Will the review have enough time to consider the issues?*
 - The timeframes support a focussed review on the decisions made by the Monetary Policy Committee over three years from 2020, as well as analysis provided by the Reserve Bank to support those decisions.
 - The review can draw on overseas reviews of COVID-19 monetary policy and the Reserve Bank's own review.

IN-CONFIDENCE

4. *The Reserve Bank has already reviewed the performance of monetary policy over the period. What will we learn from another review that we don't already know?*
- It is important to gain an external perspective on the performance of monetary policy during the COVID-19 period.
 - The previous review was not independent of the Reserve Bank. The Reserve Bank set the terms of reference and reviewed its own performance.
 - While internal reviews are valuable and are required under the Reserve Bank Act, external reviews provide for greater public accountability and confidence in the independence of monetary policy, particularly given the unprecedented monetary policy response during the COVID-19 period.
5. *Who are you considering for reviewers? [Note: The short-list of candidates and the status of the Treasury's engagement with them is attached.]*
- The Treasury is currently contacting five international monetary policy experts and two New Zealand experts.
 - Securing reviewers with strong credentials is critical to meet the objectives of the review in supporting public accountability and improving the effectiveness of future monetary policy.
6. *Will former Monetary Policy Committee members be involved in the review, e.g. the former Governor of the Reserve Bank?*
- The reviewers will invite Former Monetary Policy Committee members to be interviewed to share their perspectives on the performance of monetary policy. The review has no powers to compel participation.
7. *Why focus on the period 2020–2022? Why not consider the timing and pace of monetary easing from mid–2024?*
- 2020–2022 was the key period of uncertainty and significant monetary policy decisions, including the initial response to the pandemic, signs of economic recovery in late 2020 and into 2021, the emergence of inflationary pressures from 2021, and the beginning of the tightening cycle from late 2022.

IN-CONFIDENCE

Annex: Review candidate status update

International short-listed candidates	Status
<p>Renee Fry-McKibbin</p> <ul style="list-style-type: none"> • Professor of Economics at the Crawford School of Public Policy, Australian National University. • Member of the Reserve Bank of Australia’s Monetary Policy Board since 1 March 2025. • A member of the three-person expert panel that reviewed the Reserve Bank of Australia's governance and processes (2022–2023). 	<p>Met with Treasury (14 August).</p> <p>Considering.</p>
<p>Carolyn Wilkins</p> <ul style="list-style-type: none"> • Currently co-leading an independent review of the Riksbank’s monetary policy during the period 2015–2024 commissioned by a parliamentary committee (the review is due for completion by the end of 2025). • Senior Deputy Governor of the Bank of Canada (2014–December 2020 – note this period overlaps with the period of the review), including member of the Governing Council responsible for monetary policy and financial policy decision making. • A member of the three-person expert panel that reviewed the Reserve Bank of Australia's governance and processes (published in 2023). • Current external member of Bank of England Financial Policy Committee (2021–2027). • Currently a lecturer and senior research scholar at Princeton University, and a director on the board of Canadian insurer Intact Financial. 	<p>Met with Treasury (14 August).</p> <p>Considering.</p>
<p>Sheryl Kennedy</p> <ul style="list-style-type: none"> • Bank of Canada Deputy Governor (1994–2008), currently on a range boards – mostly financial services companies. As a member of the Governing Council she was involved with making decisions on monetary policy. • Director of the Canadian Public Accountability Board, which regulates the auditors of public companies, and other directorships and boards. 	<p>Meeting scheduled with Treasury for 18 August.</p>
<p>Kristin Forbes</p> <ul style="list-style-type: none"> • External Member of the Bank of England MPC (2014–2017). • Reviewed the Bank of Canada’s review of their handling of COVID-19. • Federal Reserve Bank of New York: Member of Economic Advisory Panel (2018–2024). • White House Council of Economic Advisors (2003–2005). • Currently a professor of global economics and management at Massachusetts Institute of Technology. 	<p>On leave and uncontactable until 21 Aug.</p>
<p>Andy Haldane</p> <ul style="list-style-type: none"> • Chief economist at the Bank of England and MPC member (2014–30 June 2021; note this period overlaps with the period of the proposed review). • Held various other roles at the Bank of England since joining in 1989, primarily relating to financial stability. 	<p>Declined. Unavailable.</p>

IN-CONFIDENCE

New Zealand short-listed candidates	Status
<p>Alan Bollard</p> <ul style="list-style-type: none"> • Governor of the Reserve Bank of New Zealand (2002–2012), including during the Global Financial Crisis. • Secretary to the Treasury (1997–2002). 	<p>Met with Treasury (12 August).</p> <p>Considering.</p>
<p>s9(2)(a) and s9(2)(b)(ii)</p>	
<p>John Whitehead</p> <ul style="list-style-type: none"> • Secretary to the Treasury (2003–2011), and other roles at the Treasury since 1982, including Director of Macroeconomic Policy. • Former Executive Director on the Board of the World Bank Group. 	<p>Declined due to lack of availability.</p>

From: ^Parliament: Yi Jin
Sent: Friday, 15 August 2025 11:13 am
To: Sam Thornton [TSY]; ^ s9(2)(a)
Subject: FW: ECO 20 Aug: Speaking points and Q&A on the independent review of monetary policy
Attachments: Cabinet talking points - Independent review of monetary policy - August 2025(5165605.1).docx

Hi Sam,

Thanks for providing them. s9(2)(a) s discussed 😊

Best, Yi

From: Sam Thornton [TSY] <Sam.Thornton@treasury.govt.nz>
Sent: Friday, 15 August 2025 10:16 AM
To: Yi Jin <Yi.Jin@parliament.govt.nz>
Subject: ECO 20 Aug: Speaking points and Q&A on the independent review of monetary policy

[IN-CONFIDENCE]

Hi Yi

To support MoF at ECO on Wednesday next week, please find attached speaking points and Q&A on the independent review.

Let me know if you have any comments, e.g. on style or formatting, or questions.

Have a good weekend.

Sam

Sam Thornton | Te Tai Ōhanga The Treasury

Macroeconomic and Fiscal Policy, Senior Analyst
Budget and Fiscal Strategy

tau waea phone: s9(2)(k) | waea pūkoro mobile: s9(2)(g)(ii) | imēra email: sam.thornton@treasury.govt.nz
treasury.govt.nz | LinkedIn | Youtube



I work irregular hours:

Mon	Tue	Wed	Thu	Fri
7.30-2	8.30-5	7.30-2	8.30-5	9-3.30 or not working (alternating fortnightly)

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From: Sam Thornton [TSY]
Sent: Thursday, 9 October 2025 1:11 pm
To: 'yi.jin@parliament.govt.nz'
Cc: Ben Gaukrodger [TSY]
Subject: Update on the independent review of monetary policy

[IN-CONFIDENCE]

Hi Yi

As discussed, this email provides an update on the independent review of monetary policy.

Unfortunately, the alternative lead reviewer, Sheryl Kennedy, has withdrawn. Ms Kennedy cited concerns that, with the new Reserve Bank Governor coming from outside New Zealand, undertaking such a review at this time risks running counter to the need to support the new Governor to get established and chart some new directions. We gave Ms Kennedy assurances that the Government is seeking to use the review to support public confidence in the operational independence of monetary policy, with a focus on learning lessons to improve future monetary policy. We also enquired whether the incoming Governor's views would change Ms Kennedy's mind.

For context, we had previously recommended proceeding with Ms Kennedy as the lead reviewer, and we were working to secure a New Zealand candidate to pair her with. This followed the withdrawal of Professor Forbes due to timing constraints and concerns about Dr Bollard's potential conflict of interest raised in consultation with the Associate Ministers of Finance.

As for next steps, the Treasury is making enquires with potential candidates based on the list we previously supplied to the Minister. Once we have confirmed interest from suitable candidates, we will brief the Minister and seek approval to consult the Associate Ministers of Finance. Given the challenge securing candidates to date and the Minister's openness to adjusting the timing of the review, we plan to explore different approaches to the review where necessary to secure strong candidates (eg, pushing out the timing of the review, alternative ways to gain international and New Zealand perspectives). We are working to the following timeline:

- By end the of October – Advice to the Minister of Finance recommending reviewers and seeking approval to consult the Associate Ministers of Finance.
- Early November – Consultation with the Associate Ministers of Finance.
- November – Finalising contracts with the reviewers.
- From early December – Review can begin. The actual start and end dates for the review will depend on the candidates' availability.
- June 2026 – We are currently intending this to be the latest date for completing the review.

Thanks and happy to discuss.

Sam

Sam Thornton | Te Tai Ōhanga The Treasury

Macroeconomic and Fiscal Policy, Senior Analyst
Budget and Fiscal Strategy

tau waea phone: s9(2)(k) | waea pūkoro mobile: s9(2)(g)(iii) | Īmēra email: sam.thornton@treasury.govt.nz
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From: Maisie Hance <Maisie.Hance@parliament.govt.nz>
Sent: Thursday, 18 September 2025 6:03 PM
To: Yi Jin <Yi.Jin@parliament.govt.nz>
Cc: Maureena Van der Lem <Maureena.VanderLem@parliament.govt.nz>; Tasha Picking <Tasha.Picking@parliament.govt.nz>
Subject: RE: independent review of monetary policy

Hi Yi,

Minister Jones raised concerns with Mr Bollard's conflict and suggested s9(2)(a)

Thank you,
Maisie



Maisie Hance
Private Secretary – Finance
Office of Hon Nicola Willis | Office of Hon Shane Jones
Minister of Finance | Associate Minister of Finance

PH: s9(2)(k)
E: maisie.hance@parliament.govt.nz

From: Yi Jin <Yi.Jin@parliament.govt.nz>
Sent: Monday, 15 September 2025 4:03 PM
To: Maisie Hance <Maisie.Hance@parliament.govt.nz>; Maureena Van der Lem <Maureena.VanderLem@parliament.govt.nz>
Subject: independent review of monetary policy

Hello Maisie and Maureena

I attach for your Ministers a letter from MoF regarding the reviewers to conduct an independent review of monetary policy. Feedback is due by 22 September.

- As background, Treasury recommends Kristin Forbes to lead the review. Ms Forbes is an internationally regarded monetary policy expert. She is:
 - a professor of global economics and management at Massachusetts Institute of Technology,
 - A former external member of the Bank of England's monetary policy committee (2014-2017)
 - has published numerous papers on the monetary policy, including the response to COVID-19 (Ms Forbes' publications have included recommendations to improve the

future monetary policy response to shocks, such as improvements to inflation forecasting, the treatment of supply shocks, analysis of the impact of fiscal policy, and symmetry in central bank responses to high and low inflation).

- Treasury recommends Alan Bollard as the New Zealand-reviewer. Mr Bollard is a strong and credible candidate with a significant breadth of experience, including roles as
 - Secretary to the Treasury (1997-2002) and
 - Reserve Bank Governor (2002-2012), which included the response to the Global Financial Crisis.

With best wishes,

Yi